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7 April 1982

NEAR EAST/NORTH AFRICA REPORT

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CONTENTS

INTER-ARAB AFFAIRS

Briefs

Kuwaiti-Iraqi Pipeline Agreement	1
----------------------------------	---

OPEC AFFAIRS

Falling Oil Prices Force OPEC Countries To Sell Gold Holdings (8 DAYS, 13 Mar 82).....	2
---	---

Western View Of Saudi Long-Term Oil Policy Challenged (8 DAYS, 13 Mar 82).....	4
---	---

EGYPT

Increased Nuclear Power Planned (THE EGYPTIAN GAZETTE, 16 Mar 82).....	7
---	---

Commercial Fleet, Port Capacities Studied (THE EGYPTIAN GAZETTE, 14 Mar 82).....	8
---	---

Car Production Plans Revealed (THE EGYPTIAN GAZETTE, 10 Mar 82).....	9
---	---

Construction Industry Suffers Infrastructure Limitations (THE EGYPTIAN GAZETTE, 12 Mar 82).....	10
--	----

Briefs

Public Opinion Center Opened	11
------------------------------	----

IRAN

Newsman Sees Khomeyni's Myth Surviving His Death (G. Mavros; ELEVETHEROTYPIA, 28 Feb 82)	12
---	----

Iran To Feed Major Oil Refineries (TEHRAN TIMES, 15 Mar 82)	24
--	----

Iran, India Review Technical Cooperation (TEHRAN TIMES, 17 Mar 82)	25
Official Reviews Status of Nation's Exports (SOBH-E AZADEGAN, 15 Mar 82)	27
Khamoushi Reveals Export Policy of Islamic Republic (TEHRAN TIMES, 15 Mar 82)	30
Britain Attaches String to Iran's Warship 'Kharg' (TEHRAN TIMES, 17 Mar 82)	32
LEBANON	
Israeli Harassment of Beirut Foreign Press Corps Cited (Mona es-Said; MONDAY MORNING, 1-7 Mar 82)	33
Factionalism Said To Weaken Resistance Against Israel (8 DAYS, 13 Mar 82)	43
Revenue Decline Produces Large Budget Deficit (AN-NAHAR ARAB REPORT & MEMO, 15 Mar 82)	44
LIBYA	
General People's Congress Sets Budget (JAMAHIRIYAH REVIEW, Feb 82)	46
Qadhdhafi Takes Aim at Farmers (JAMAHIRIYA REVIEW, Feb 82)	49
Fleet Expands to 25 Ships (JAMAHIRIYAH REVIEW, Mar 82)	50
Turkish Firms Active in Construction (JAMAHIRIYAH REVIEW, Mar 82)	51
Briefs Fund for Chad Martyrs	52
SAUDI ARABIA	
Riyadh, Rome Plan New Investment Bank (8 DAYS, Mar 82)	53

INTER-ARAB AFFAIRS

BRIEFS

KUWAITI-IRAQI PIPELINE AGREEMENT--Kuwait has agreed to the construction of a new pipeline from oil fields in southern Iraq to the Kuwaiti Gulf coast, Iraqi oil Minister Tayeh Abdel Karim revealed last week. Speaking at the Arab Energy Conference in Doha, Qatar, Mr Abdel Karim said the pipeline has a planned capacity of one million b/d. He added that he hoped construction of this and another pipeline to carry one to 1.6 million b/d to Saudi Arabia's Red Sea coast would begin this year. He also indicated that Iraq, whose own Gulf terminals are out of commission due to its war with Iran, is thinking of expanding the capacity of its pipeline to Turkey. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 11, 15 Mar 82 p 4]

CSO: 4400/190

FALLING OIL PRICES FORCE OPEC COUNTRIES TO SELL GOLD HOLDINGS

London 8 DAYS in English No 10, 13 Mar 82 pp 44-45

[Text]

OIL EXPORTING countries, headed by Iran, have been selling gold in Europe in the past few weeks to alleviate balance of payment difficulties caused by the sharp fall in the oil price.

Persistent sales from the Middle East, combined with offloading by the main producers, South Africa and the Soviet Union, have been a principal factor driving the gold price down to a 2 and a half year low this month, according to international bullion dealers.

Apart from Iran, Iraq is also thought to have been selling gold, although details are unclear. These two countries led a string of buyers from Opec in 1980, when the gold price was about double its present level of \$360-\$370 an ounce. A Zurich dealer said last week: 'They did not make a very good investment'.

Dealers do not rule out the possibility that Libya — which bought a lot in London at the beginning of last year — may also have been selling recently. News of the sales has emerged as the Opec surplus has been rapidly diminishing. The oil states as a group are now again net borrowers from the international banking system. Apart from the falling oil price both Tehran and Baghdad have been hard hit financially by the 18-month Gulf war.

The change in Opec's fortunes is having widespread repercussions on financial markets. Last week fears that Kuwait might start selling Japanese stocks because of its weakening finances were among the factors behind a sharp fall on the Tokyo stock market.

According to one dealer the Iranian gold has been dumped on the market by Bank Markazi, the country's central bank, in a 'rather uneducated' fashion. Iran and several other Opec nations — including Indonesia, which also made big bullion purchases in 1980 — have been sounding out western banks about raising gold-backed credits.

Bank Markazi would prefer to use its gold as collateral, rather than selling it outright, in order to avoid further downward pressure on the price. Many European banks approached by Tehran have been reluctant to lend because of fears about the country's ability to repay. The advantages of gold collateral are greatly reduced when the bullion price is weak.

A London bullion banker said: 'I wouldn't like to be sitting on a pile of gold from Iran. They don't know where their next dollar is coming from'. According to one estimate, of the 60-90 tonnes of gold Iran had previously stored in Europe — some of which was held at the Bank of England — 35 tonnes may have been used in collateral deals. The rest is being sold, and may be almost exhausted.

The Tehran government is believed to have at least 200 tonnes more in Iran. But the country's rulers are not likely to move this 'bedrock reserve' to the West for selling or collateral use unless all other financing channels are blocked.

The large amount of gold bought by both official and private investors in the Middle East in 1979-1980 was seen as a significant

prop for the price at the time. But it is now regarded by bullion dealers as a dangerous threat overhanging the market. As one European dealer said: 'As soon as they (Opec) started to buy, they became potential sellers.'

Another said that the further the gold price went down, the more bullion would be sold by disappointed Middle East holders. 'There are certainly investors around wanting to buy — but they are waiting for the price to become cheaper'.

● The fall in the gold price over the last few weeks (by 6 March it had tumbled to \$343) has hit the Johannesburg stock exchange: during the 15 trading days to 6 March the *Rand Daily Mail* 100 index fell 12.9 per cent, against a background of sharply rising interest rates and forecast tax increases.

CSO: 4400/187

WESTERN VIEW OF SAUDI LONG-TERM OIL POLICY CHALLENGED

London 8 DAYS in English No 10, 13 Mar 82 pp 6-13

[Excerpts]

[Text]

BOTH its friends and its enemies are admitting that Opec is in a mess. The price of oil is falling. The incomes of most member states have shrunk to crisis proportions. Liftings from Opec countries have been slashed by over a third in the last two years. There is no sign that world demand will pick up this side of winter.

An end to the bloodletting of the Gulf war would only add to the oil glut as both Iran and Iraq rush to restore their pre-war production, which flowed at a combined rate of around 7m barrels a day.

Saudi light, the benchmark crude which is still posted officially at \$34, was being sold in spot deals last week for as little as \$28. The Iranians have sold their quality light oil in West Germany for just \$24 a barrel — a 26 per cent cutback in price.

The 21-member International Energy Agency (IEA), representing the main non-communist industrial countries including the US, Japan and most of Western Europe except France, met in Paris at the end of February. Delegates are said to have been incredulous at statistics gathered by their own officials which showed that the already-depressed energy demand is likely to fall up to seven per cent more this year.

The squeeze of Opec is on. For the first time ever, those hopeful speculations in the West that the Vienna-based organisation is about to be riven by bitter and possibly terminal disagreement seem close to fulfilment. Western press commentators and pundits are only days away from crowing openly that Opec is about to reap the oil-price whirlwind it sowed in 1973. The wheel has almost turned full circle. The initiative is neatly back with the industrial oil-consumer countries.

Or is it? Although there have been other factors contributing to the oil glut, the role of the Saudi Arabians has been pivotal. It was their mammoth production throughout last year, running officially at 10.3m b/d but almost certainly at even higher levels on a number of occasions, that has underwritten the shrinkage of both price and demand.

The theory has been advanced that the Saudis are playing a long-term game, as much on behalf of their fellow members of Opec as themselves. The speculation runs that their game plan is to force down the price of world crude to around \$25 a barrel and lock it there. Such a move would have two effects. It would be like a shot of digitalis calculated to restore the heartbeat of the West's economy (and incidentally remove the time-worn excuse that high oil prices have produced the current recession). It would also encourage the industrialised states to return to crude as their prime energy source.

The irony is that little more than a year ago the Saudi oil minister, Sheikh Yamani, was urging the industrialised countries to diversify their sources of energy. At that time the argument was that such diversification would extend the life of Opec's oil reserves. Yamani's line was supported throughout Opec. The Libyans and Algerians in particular were enthusiastic because they believed — and still believe — that the price of oil should be the same as the equivalent amount of alternative energy. That price was known to be high.

But now the Saudis appear to have deserted this position. By forcing down the price of crude, they are making alternative fuels, such as liquefied coal and tar sand extraction too expensive. The much-

trumpeted 'Synfuel Programme' put forward in the US by the Carter administration is now in ruins.

The final deduction in this theory of a Saudi long-term strategy is that when the industrialised world has resumed its commitment to oil as a prime energy source, and when the recession has been overcome courtesy of cheap fuel, Opec will be able to move back to its dominant position in world affairs and Saudi Arabia will remain the dominant member of Opec.

As a neat analysis of the kind drawn up by the highly-paid future-guessers of western governments and oil companies, the theory has many attractions — but it suffers from the single major drawback of being too simple.

For a start, although Saudi Arabia is the dominant Opec partner because at any one time it produces around 40 per cent of the organisation's oil output, the Saudi writ does not run automatically throughout its corridors of power. Since taking the presidency last December, from his Indonesian counterpart, Dr Subroto, there is evidence that the UAE oil minister, Dr Mana Said al Oteiba, has been able to exploit his already-close relations with the neighbouring Saudis in the interests of Opec.

The Saudis have consistently resisted calls last year and this for emergency Opec meetings because they can see no virtue in submitting themselves to inevitable charges from Opec hawks such as Libya.

Last November in Vienna at Opec's annual seminar, there appeared to be no public friction between Sheikh Yamani and Libya's former oil secretary, Abdusalam Zagaar, who dined together on a number of occasions and appeared on good terms. But politically Libya and Saudi Arabia, despite their recent rapprochement, remain at odds.

Last week the Libyan leader, Colonel Qaddafi, launched a bitter attack on the Saudis. He said that Riyadh was over-producing oil during the current glut, to bring about the ruin of Libya at the bidding of the US. 'To hell with Arab reaction and the USA, brothers,' he said. 'We shall not submit.' He called on the Saudis to cut production to 4m b/d to end the oil glut.

As the Libyan leader spoke, it emerged that Britain was about to twist the pricing screw tighter by bending to oil company pressure for a substantial cut in its \$35 a barrel posted price for high quality 'sweet' crude.

British National Oil Company's (BNOC) announced cut of \$4 a barrel will place general pressure on Opec for further cuts. However, it will affect particularly Libya, Algeria and Nigeria, all of whom produce similar high-quality oil. Officially these three African Opec states maintain a posted price of between \$36.50 and \$37. Unofficially they have been forced to sell considerable quantities of oil at well below the posted prices. They have all had to cut back production.

Liftings in Libya are now running at around 800,000 b/d. At its peak Libya produced over 2m b/d. The country's new five-year plan, which had been drafted on the basis of growing or stable, if not rising, oil revenues, is now in jeopardy. Government secretariats are having to trim, or scrap, important projects.

If the situation is difficult for Libya with its relatively small population, it is distinctly bad for populous Nigeria, which has a huge and expensive development task ahead of it.

Recently he has adopted quite a magisterial tone in his criticism of Opec members who have sold beneath the \$34 benchmark agreed at Abu Dhabi in December. Commenting on decisions by Iran and Venezuela to cut their prices, Oteiba said: 'We believe that these cuts . . . are not legal and are unacceptable to us. They will not solve the problems of these countries but will rather further complicate the crisis.' He called upon member states who were thinking of cutting their oil prices 'to wait because we are determined to find solutions that will help these countries and others as well.'

The cuts Oteiba wants are not in pricing but production, and they would have to be made in the main by Saudi Arabia. The sticking point here with the Saudis is that they have always maintained that their production levels are a matter of sovereign concern only.

However, assuming that Sheikh Yamani were, in a volte face little short of the amazing, to agree to substantial production cuts, what impact would they have, could they be sustained and would they restore Opec to a position of dominance in the energy market?

The Libyans' call for the Saudis to cut back production to just 4m b/d is not utterly unrealistic. A year ago Sheikh Yamani told an audience of Saudi students that if it wanted to, the kingdom could reduce production to just such a level. At the time, oil

geologists expressed deep scepticism that such an extensive slow-down of oil flow would be possible without serious damage to oil-bearing structures. One analyst told *8 Days* this week: 'Exploiting a structure is rather like taking a piece of food out of a deep freeze. Once defrosted, you cannot eat just part of it and then refreeze the rest — or, rather you can if you want to, but the consequences could be disastrous.'

'No two structures present exactly the same problems. In the short term you may well have room to manoeuvre on flow rates. But if you readjust your exploitation programme too much, you could give yourself a great many serious headaches.'

It seems, therefore, that it might be possible for the Saudis to cut production to 4m b/d for a very short period. They could even charter supertankers to stand off the coast of the country's oil-rich eastern province and store unsold crude against a time of higher prices. But how much time would be necessary for a significant Saudi cutback to have any effect in the world markets? What guarantee would Opec have that some other producer might not boost production and negate the Saudi move?

Mexico is a prime contender for such a role. After 10 years of spectacular oil-funded growth, the Mexican economy has been hit badly by the oil market slump, which has cost it \$6bn in projected earnings. The government's debt stands at nearly \$50bn, reserves are less than \$5bn and when the peso was floated last month because of international banking pressure, it dropped 40 per cent virtually overnight.

The country's nuclear energy programme, which would have given an output of 20,000 megawatts by the end of the century and allowed Mexico to conserve its oil stocks (currently a proven 72bn barrels), looks as if it is going to fall victim to

enforced economies.

At the beginning of this month Mexico, which is still the fourth largest oil producer in the world, cut the price of its top quality Isthmus crude by \$2.50 to \$32.50. At the same time the heavy Mayan crude was cut \$1.50 to \$25 a barrel. Exports have been running at 1.5m b/d.

With Mexico beyond the influence of Opec and facing such desperate economic problems, there is no guarantee that the Mexicans would not 'dump' even more oil onto the market and so allow price weakness to continue.

The oil stocks of the industrialised consumer countries have not been drawn down at all significantly during the winter. Therefore there will be little or no summer buying to top up inventories. The Saudis had claimed at the end of last year that such buying would contribute to a price hardening.

The petrodollar surpluses of Opec states are likely to be halved this year from an estimated \$70bn in 1981. In 1980 Opec oil surpluses reached a record \$126bn. On the face of it, even diminished surpluses are better than no surplus at all or even deficit.

But this view overlooks the fact that all the Opec countries are developing countries that must make the most of a finite resource. They still have much work to do to prepare their people for the day when oil is no longer a premium fuel.

The current failure of oil prices and purchases is threatening the rush toward the alternative economic bases each of the 13 states is promoting. The Saudis may well believe that they are acting on a correct analysis of the world economic situation. The point is that hardly any other Opec state feels that it can afford the high cost of agreeing with them.

INCREASED NUCLEAR POWER PLANNED

Cairo THE EGYPTIAN GAZETTE in English 16 Mar 82 p 3

[Text]

West Germany has agreed to grant Egypt a nuclear reactor with a capacity of 2,000 kilowatts per hour, for use in various fields of industry, agriculture and medicine.

This was disclosed yesterday by the Minister of Power and Energy, Mr Maher Abaza, following his meeting with the West German Minister of Economy and his delegation now on visit to Cairo.

During their meeting the two Ministers discussed possibilities of cooperation between Egypt and West Germany in financing power generating and non-conventional energy projects, with a special stress on solar energy uses.

Mr Abaza also said that equipment needed for the manufacture of power generators and heating and cooling devices to be operated by solar energy, would arrive in the next month under an agreement signed last year.

The West German government will give Egypt a loan of 300 million German marks, which will be discussed by the Egyptian-German Committee on March 27.

During his meeting with the West German Minister Mr

Abaza proposed that 50 million German marks of the loan be assigned for the power sector.

A number of technical reports by the Egyptian-German Joint Committee on cooperation in the field of peaceful uses of nuclear energy, were also discussed by the two Ministers.

Egypt and West Germany signed an agreement in October last year, under which West Germany will supply Egypt with two nuclear power plants each of 1,000 million kilowatts per hour capacity.

Meanwhile, in another meeting with the Italian Minister of Foreign Trade, now on a visit to Egypt, The Minister of Power and Energy Mr Maher Abaza probed possible Italian contribution to the Ministry of Power's five-year plan.

The two Ministers also discussed the current pace of implementing the projects in which the Italian government-run companies participate, such as Abu Sultan and Shubra elKheima power stations.

They also discussed the possibility of increasing the Italian government's grant to the National Centre of renewable energy. — MEN

COMMERCIAL FLEET, PORT CAPACITIES STUDIED

Cairo THE EGYPTIAN GAZETTE in English 14 Mar 82 p 1

[Text]

The Shura Council yesterday called for revamping the Egyptian commercial fleet so as to reach a capacity of transporting at least 50 per cent of the volume of foreign trade. This was made out at a Council meeting that concentrated on transport and its relation to foreign trade.

The Council called on the government to seek the enactment of comprehensive legislation to cover in a consistent and unified way all the maritime transport activities and reorganise such activities in a way so as to serve national interests.

The Transport, Telecommunications and Maritime Transport Minister, Mr Soliman Metwalli, yesterday delivered a statement about the prospects of maritime transport in Egypt, in response to a query submitted by 20 Council members.

In his statement, the Minister announced that the government is currently conducting a study to reach a visualisation of the volume of foreign trade to the year 2000; «The outcome of the study will reveal to us the proper guidelines to assess our actual needs», Mr Metwalli said.

Preliminary estimates, the Minister said, show that the volume of goods annually reaching Alexandria and Behira harbours will amount to 29,5 million tons, Damietta 8 million; Port Said 6,4 million; Suez 3,6 million and Safaga 8,5 million.

The Minister also said that a steady increase of the foreign trade volume was monitored during the past years. This increase amounted to 4,9 million tons during one year, from 1979 to 1980. Then an increase of about 17 per cent was noticed during the period from 1980 to 1981.

This large percentage of increase, the Minister said, is owing to the increase in food-stuffs and building material imports. To face the increasing needs, a quay for containers will be set up in Port Said harbour, he added.

The time estimated to complete the Port Said quay is 18 months and the cost is expected to reach LE 15 million. This in addition to a number of quays in Suez at a total length of 770 metres, Mr Metwalli elaborated.

In Alexandria, the Minister continued, a new quay to receive grain imports will be completed

before the end of this year, it will be provided with silos and other facilities to absorb 750,000 tons.

In other reports published last year, the cost of maritime transport of the goods imported by Egypt annually amounted to about LE 700 million, which is a considerable sum that can be saved if the Egyptian commercial fleet was consolidated in such a way as to be capable of transporting goods destined for the country.

The Minister of Transport told the Shura Council yesterday that the existing capacity of the commercial fleet has already reached 600,000 tons, and that 14 companies own the units constituting the fleet.

He affirmed that the government spares no effort in encouraging the national commercial fleet and in taking measures to protect it against foreign competition. Moreover, the Minister said, we are considering the establishment of a union for ship owners to coordinate their activities and maximise the use of the national fleet potential.

— GSS, MEN

CAR PRODUCTION PLANS REVEALED

Cairo THE EGYPTIAN GAZETTE in English 10 Mar 82 p 2

[Text]

LOCALLY assembled Ritmo and Nasr 127 passenger cars will be produced at a rate of 4500 Ritmos and 15,000 Nasr 127s in the next two years as part of a scheme to boost the local car industry.

Reservation for the locally assembled Ritmo and Nasr 127s will be possible for the public from March 20 according to the Chairman of the Board of Al-Nasr Automotive Company Dr Adel Gazarine.

PRICE

The Chairman told a press conference yesterday that the price fixed for the Ritmo is LE 7600 of which LE 3500 is to be paid in advance on reservation and the rest on taking delivery of the car.

The same applies to the Nasr 127 its price was fixed at LE 4370 of which the buyer will pay LE 2000 on reservation and the rest on delivery.

Reservations Dr Gazarine said will be accepted during the

week following starting date and the order of reservations will be fixed according to a timetable prepared by computer. The applicants would then be notified of the date to receive their cars the Chairman said.

QUESTION

Answering a question about how long applicants might have to wait Dr Gazarine said he hopes the period would not exceed two years. «That is till June 1984» he elaborated.

Egyptian expatriates will also be able to reserve their cars and payment can be made in foreign currency. Meantime collective reservations for societies corporations and similar bodies are also available.

He added that the new Nasr 127 cars can be converted into taxis. «It is tough enough to bear heavy service as a taxicab» he said. The Chairman also affirmed that spare parts for the new models to be assembled will be available in the local market.

— GSS

CSO: 4500/127

CONSTRUCTION INDUSTRY SUFFERS INFRASTRUCTURE LIMITATIONS

Cairo THE EGYPTIAN GAZETTE in English 12 Mar 82 p 1

[Text]

STRICT measures to raise the capacity of the construction sector are being worked out, to be put into effect starting from June; the measures, a Ministry of Housing and Reconstruction official said, will be issued within the framework of a plan to reorganise the building sector.

The construction capacity, as the country at present is evaluated in terms of money at LE 1,500 million, a capacity far below the level required to complete housing and other construction projects included in scheduled development plans.

Owing to this deficiency in the country's building capacity, the official said, about 50 per cent of the projects underway in the fiscal year 1981-82 have not been yet completed; in other cases, many projects included in plans for the present fiscal year have not been assigned to construction companies because of the limited capabilities of the sector.

To make things worse, the official added, investments for the fiscal year 1982-83 cannot be carried out since the construction sector may not be able to

absorb them at this almost crippled capacity.

The construction issue was raised at the economic conference held in February, where experts attending the talks deplored the deficiencies in this sector, which delays the completion of projects and spending of loans.

The result is an accumulation of housing and infrastructure problems which collectively cast a dark cloud over the economic and financial prospects of the country, the economic conference experts claimed.

One possible solution to the problem, according to the Ministry of Housing and Reconstruction experts, lies in widening the base of the construction sector by rendering more facilities to smaller contracting companies to enter the field, be they from the private sector or joint-venture companies to be established under the current investment laws.

The problem of construction is also worsened by two vital factors: a lack of sophisticated equipment and material and the drain of skilled labour, building workers being attracted by luc-

rative wages in Arab and foreign countries.

The problem of lack of equipment can be overcome, said the Ministry official, by encouraging the establishment of companies which rent construction equipment, particularly of the heavy duty types that small or medium size companies cannot afford to purchase.

Existing procedure, which stipulates the invitation of tenders for major projects, should be abolished so that the market can be opened to small contracting companies which may combine to submit joint tenders.

The skilled labour issue can be solved through raising the capacity of vocational training centres, industrial secondary schools and polytechnical institutes now opening in the country, in addition to training-on-the-job programmes as initiated by major contracting companies.

An incentive should be extended to engineering and polytechnical school students through offering them jobs during the academic year in return for fixed salaries and wages. — GSS

BRIEFS

PUBLIC OPINION CENTER OPENED--The Public Opinion Polls Centre, the first ever such information facility in the entire Arab world, was opened in Cairo yesterday. The Centre, an organ of the State Information Service, will conduct public opinion polls and provide research assistance to specialised institutes. The Chairman of the State Information Service, Mohamed Haqqi yesterday said that both the United States and the Federal Republic of Germany have agreed to contribute to the Centre. The Centre, Mr Haqqi said, has been organised and equipped according to the most up-to-date standards observed in operating such advanced institutes in Europe and the United States. The data collected and studies conducted by this centre are expected to help national planning bodies get acquainted with public attitudes so that they can formulate better policies.--GSS [Text] [Cairo THE EGYPTIAN GAZETTE in English 14 Mar 82 p 2]

CSO: 4500/127

NEWSMAN SEES KHOMEYNI'S MYTH SURVIVING HIS DEATH

Athens ELEVTHEROTYPIA in Greek 21, 28 Feb 82

[Reportage by G. Mavros: "This Is Persia Today"]

[21 Feb 82 p 6]

[Text] What is happening in Iran today? The question is raised by all those democratic people who lived through those terrible months which preceded the great Iranian revolution and also through the revolution itself. As soon as this reporter came back after a 15-day mission to Khomeini's land he faced this question which was posed by friends and foes.

The victory of the fanatical Moslems in all aspects of the Iranian people's life is unquestionable after the politically immature escape of the former president Bani-Sadr. This signaled to the Iranians:

- a. A complete change in the way of life and thinking.
- b. Elimination of the small middle class--compared to the total population--and the technocrats, considered to be liberal.
- c. The imposition of a harsh police state mainly as a result of the violent activity of the Mujahedin.
- d. Lack of food and other basic goods, increased unemployment and inflation.

The reportage that follows is based on interviews with all the leaders of the Islamic Republic of Iran and with opponents and former leaders who were pushed aside, as well as based on visits to the theaters of the war with Iraq.

[Ms] Ma'sumeh Sadmani was a leading member of the organization "Mujahedin Khalq" ("Fighters of the People") since its inception in the early 1960s. She fought with all her strength against the shah's dictatorship, as did her family--her husband and her three adult children. She was severely tortured and imprisoned for many years. She was released 1 month before the revolution from the terrible Yasr Prison in the context of a last liberal effort by the shah through his chosen premier Shapur Bakhtiar.

Two days after her release, Sadmani had given her first interview to this reporter under conditions of deep secrecy. This interview was published in *ELEVETHEROTYPIA* in January 1979 and it was the first public appearance of the (Islam-Marxist) organization of the Mujahedin.

Sadmani was a woman with much personal charm. With a quiet, almost indifferent expression, wrapped in her black chador, she told me at that time about the torture and persecution at the hands of the Savak (the shah's secret police) against her and her three children. Her feet still showed the fresh, black marks from the electrodes her torturers had plunged into her flesh. Sitting next to her was her 20-year-old son in a wheelchair, paralyzed as a result of torture. Her husband had been executed.

This was the first contact of this reporter with the situation in Iran and he was deeply impressed, so much so that he suffered shock when, 20 days ago arriving in Iran for the eighth time, he learned that Sadmani had just been executed, accused of "helping the Mujahedin."

Ayatollah Artabili--who replaced the number two leader and arch-judge Ayatollah Beheshti who was blown to bits together with another 70 deputies and leading members of the regime by the Mujahedin about a year ago--told us:

"Our revolution overthrew the shah because it was done under the banner of Islam. For the same reason, it attacked the Americans and the other exploiters of our people. Whoever raises arms against the Islamic republic, that is, against Islam, must be exterminated--this is what Islam says and this is what we are doing. But with your European logic, how else could our revolution defend itself against an enemy (he means the Mujahedin) who blows up the president of the republic, the premier, the chief judge, 26 deputies, 10 deputy ministers, 3 senior religious leaders and many others? Especially at this time when the country is at war."

There was no proof, of course, that Sadmani was implicated in any explosion or that she was working for Iraq. But such details play a minor--if any--role in the minds of the fanatical Moslems who control Iran from one end to the other. These are "minor details."

Iranian People Appeared To Be Tired and Terrified

The revolutionary immaturity of former president Bani-Sadr and also of the Mujahedin who engaged in an open and violent conflict with the fanatical Moslems when neither the internal correlation of forces, nor the objective conditions (the war with Iraq was at its peak) allowed them to do so, speeded, if it did not totally provoke, the situation which today prevails in Iran: darkness and police control.

But some strange things are happening too. The most significant sports events during the time this reporter was in tottering Teheran were the following two:

1. A contest among athletes who had memorized the Koran and whoever made the fewest mistakes won the first prize.

2. A soccer match between Persepolis and Teheran in the huge Teheran stadium, with 70,000 left outside--as many as were able to find seats inside.

Of course with word games the people cannot relax nor do they feel that they are creating something. Even soccer cannot offer much more than a temporary release.

That is today's Iran. No other recreational place is functioning except for gymnasiums and restaurants. The people pray facing Mecca three times a day, buy meat, sugar, rice and other staples by coupon, fight the Mujahedin and Iraq, watch TV which constantly shows revolutionary films or documentaries from various countries (El Salvador, Cuba, the Philippines, etc.) a few Zorro and Mickey Mouse cartoons, drive a little in their cars because they get only 10 gallons of gas a month and (most important) they do not participate in demonstrations as massively as before.

It is interesting to note that in the great demonstration of 11 February which took place at Azadi (Freedom) Square on the third anniversary of the revolution not even 100,000 took part, which means total indifference on the part of those same people who a year ago regarded as a failure a demonstration with no more than a million people. Indifference? Not exactly.

In the opinion of this reporter the nonparticipation is not due exclusively to fatigue but mainly to fear. Yes. The climate created by the repeated explosions and the subsequent executions, and the armed clashes between the "Pasdaran" (Revolutionary Guards) and the "Mujahedin" in the streets have terrorized the people who have found in this a pretext to justify their natural fatigue from the truly gigantic participation in the revolutionary developments of the last 4 years.

The Regime Blames Every Wrong on the War With Iraq

There is of course the war with Iraq; for some Iranian leaders the war has become a life saver. They blame everything on the war between Iran and Iraq--the lack of food, the coupons, the unemployment, the inflation. This is what Khomeini claims, this is the excuse touted in all tones by the government of young premier Mir Hosein Musavi.

This may be so. But if our judgement does not deceive us, Iraq is also at war with Iran, yet it does not have as much unemployment nor food shortages (to need distribution of coupons). Imam Khomeini has declared that Iran must become independent and self-sufficient in every respect and therefore must not import anything. But between this and the food shortages there is a great distance...

With regard to the war according to all reports here and also to our personal findings during two visits to the front where we went by plane, the Iranians have the initiative on all fronts and the war must be regarded lost for Iraq. Rumors that Iraq's Ba'th party is planning to replace President Saddam Hussein with the present foreign minister give a measure of the situation, although we do not know how reliable they are.

Two reasons affected the outcome of this (incomprehensible) war:

1. The Iranian Air Force which in the last few months activated the 76 super-modern F-14 (Tomcat) and F-16s the shah had bought from the Americans, and
2. The existence of five different infantry armies Iran has, namely,
 - a. The regular, conventional infantry of the armed forces;
 - b. The Pasdaran (revolutionary guards);
 - c. The members of popular committees (Komiteh);
 - d. The armed employees, teachers, mullahs, workers, technicians, bus conductors, physicians, lawyers, merchants, and
 - e. The volunteers (in general) who pick up an automatic rifle and go to the front and start shooting in every direction!

These five different infantries paraded (the first in their uniforms, the rest in civilian clothes) in the big parade of 11 February...

If Khomeini allowed the Iranian Air Force and artillery to hit inhabited targets as the Iraqis do, this war would have ended long ago.

The Musavi government--a government whose members have an average age of less than 28 years--has declared that the war will not end until Saddam Hussein is overthrown and Iran is compensated for all the material losses it suffered during the war.

An effort by the Iranian regime to allow parents to visit Iraqi prisoners should not be regarded as an opening but rather as a humanitarian and at the same time propagandistic gesture on the part of Khomeini.

Pregnant Women Are Not Executed...
They Let Them Have the Baby First...

The Iran-Iraq war, Mujahedin, Fedayin, dynamiting ministers, street fights, executions, Kurds, Fallahin...how do the Iranian people react to all this? What are their feelings?

This reporter, on the basis of many discussions, but also of his "sense of smell," has come to the following conclusions:

Imam Khomeini remains the unquestionable leader of the Iranian people who adore him as much as they did at the time of the revolution. This is beyond doubt. But the displeasure of a segment of the people over the bad economic conditions, the lack of food, the unemployment and the killings, is evident, regardless of the fact that the same segment that complains, at the same time swears in the name of Khomeini.

How about the executions? The executions continue without let up. The reasons are the same as those given at the beginning of this article by the new chief judge Ardabili. For the arbitrary actions allegedly committed by the execution squads, Ayatollah Artabili had the following to say:

"They accuse us of executing, in addition to our opponents, small children and pregnant women. This is not true. Children who have not reached maturity are not executed even when they have killed others. At the Evin prison there are some youngsters who boast that they were not executed although they had killed two and three people. A pregnant woman is not executed because she carries a being not responsible for her crimes. She must bring this being into life and then feed it with her milk. After she weans the child we execute her."

During the last 16 months since our last visit, the situation in Iran has changed drastically, especially after the escape of Bani-Sadr. Yet, Iran remains fanatically in the anti-imperialist camp and its regime is absolutely pro-people.

In spite of the dark colors we use to describe the situation, we continue to believe that the Moslem revolution is a significant world event which has opened the widest prospects for the Iranian people. The signs of fatigue and indifference the Iranian people have begun to show toward the fanatical Moslems prove that we were right in supporting the revolution and in continuing to support it unswervingly. Not that the regime of the fanatics will be overthrown easily or soon, but historically it has no hope of surviving permanently to the extent that it will keep its anti-imperialist--at least anti-superpower--and popular character. These take precedence.

[28 Feb 82 p 87]

[Text] How is Iran governed today? This is one more question that still remains unanswered for the democratic people as the international news agencies do not allow the dissemination of other news except news about the executions.

Beyond the executions of which we spoke in last Sunday's report [21 Feb 82], the Iranian revolution has lost little of its explosive power and the regime established shyly by the Islamic republic walks on the harsh road promised by the hard but proud choice of national independence.

Beyond the executions and the rumors about the impending death of Khomeini there is such a thing as an Iranian state which functions, certain institutions that try to take hold, certain class struggles that go on with no let up and certain other such details which the international news agency disdain to report.

How pro-people is the Khomeini regime? How is it organized? What measures has it taken for the benefit of the people? The following report answers these and other questions.

Anyone trying to describe Iran's social, economic and political conditions today would make a fatal mistake if he allowed himself even for one moment to lose sight of the continuing relationship between Khomeini and the masses. In this

phase of the Iranian revolution nothing affects its social, economic and political course as does this relationship. It resembles a pyramid in which the apex hovers at the top unconnected to the sides. Even the armed forces are placed in the context of this relationship and however strange it may seem, they are affected by it.

All the actions of Premier Musavi and President Khameneh¹ derive from the messages given by Khomeini to the masses when he speaks to them. For example, the imam says in a speech that the terms for a ceasefire in the war with Iraq include Iran's compensation for all material losses caused by Iraq, and of course not any demands for territorial concessions. These views immediately become the official positions even though at the very same moment the Iranian foreign minister makes a speech at the United Nations asking for the resignation of Iraq's President Saddam Hussein and the giving up of all territorial demands by Iraq!

The periodic contacts Khomeini has with various officials aim at a detailed description of these positions, not at consultations for the announcement of new policies. The people are told first and then the government--at least on the most basic issues.

These are, of course, issues which are being debated in the legislature, but the spirit of these measures is not different from the overall spirit of the speeches by the leader of the revolution to the people. Now, who correctly interprets this spirit in detail is another question which we hasten to discuss because at this moment it is the number one domestic problem in Iran: The bill for land reform has caused a split among the senior religious leaders.

In preface we repeat that the domination of the ayatollahs and the mullahs in the political-social life of Iran is total following the escape of Bani-Sadr who represented the modern reformist Moslems.

Islam and the Feudal States

The bill for land reform has been dragged for months through the Iranian legislature without being voted up or down. The split it has caused (which is the cause of the delay) refers to two conflicting viewpoints:

One, under the president of the legislature Rafsanjani (whose prestige is rapidly rising), supports the view that all land held by feudal landlords must be distributed equally and fairly among the peasants.

The other view supported by the Faqih (the 12 wisemen-guardians of the constitution and the interpreters of the Koran) says that Islam is not against private ownership and therefore it would be anti-Islam to take away the land of the landowners without compensation. (Note: The landowners we refer to are those who survived after the revolution either because they helped it or because they were judged to be good Moslems. The others who had collaborated with the shah's regime have already been executed and their land has been distributed long ago to landless peasants.)

Khomeini has not intervened in this dispute although it has been going on for months. Rafsanjani argues that the "distribution" is in the intentions of Islam, while the Faqih who are regarded as the most valid interpreters of the Koran argue the opposite. Neither side backs down one bit so that the crisis in farming continues and the gap remains unbridged with all the political effects of the feud. Nobody in Teheran can explain why Khomeini does not step in, which is considered to be absolutely logical when, for instance, the legislature spends time debating whether to allow the future export of Persian carpets.

The Iranian legislature (Majlis as it is known) is another story. Article 64 of the constitution of the Islamic republic states: "The representatives (of the people) in the legislature are 270...the Zoroastrians and the Jews are entitled to one representative each, the Assyrians and the Chaldean one together, as well as the Armenians of the north and south..."

Together with the mass explosions and assassinations of premier, ministers and deputies, but also with the existing threat that hovers daily over the heads of the representatives of the people, every vote for every issue becomes a problem because nobody in the Iranian legislature can be sure what is the real number of surviving deputies at the time of voting and therefore what number represents the majority.

The Disagreeing Deputies

In the Majlis one finds several leading personalities of the post-revolutionary period. The first premier M. Bazargan who sits alone in the back benches and who is very tight with political statements does not hesitate to get up in protest when he disagrees with a proposal no matter how religious its content.

Three rows in front of Bazargan we see former oil minister (under Bani-Sadr) Ali Akbar Mo'infar who is one of those who disagree all the time without being threatened with bodily harm.

Former foreign minister Yazdi is very talkative in the corridors and easily answers two or three timely questions: "Bani-Sadr proved to be a coward. Since he believed that he was right he should have stayed in his country to fight for his view. Now he is finished. He made enemies even among the few friends he had left. I had been accused, too, of asking to talk to Brzezinski, etc., yet I did not leave the country and here I am an elected deputy, active and free.

"In my view, the life sentence given to Entejam (note: former adviser to Khomeini and vice president in the Bazargan government who was accused of collaboration with the Americans) is too severe. But the decision of the revolutionary court is to be respected and I regard the matter closed.

"We may make mistakes. But the American and Western murderers are the last people to give us lessons in humanism, democracy and love for the people. It is ridiculously hypocritical."

In other seats in the chamber one sees former ministers under Bani-Sadr, Foruhar, Sahabi, Habibi and others.

The mullahs constitute, of course, the overwhelming majority of deputies. Nobody wears a tie in the Majlis nor in Iran as a whole because it is regarded as a sign of liberalism and of a capitalist spirit. There are two women deputies, one of them the daughter of Ayatollah Taleqani who until his death 2 years ago was Khomeini's unquestionable successor, and who would have averted many of the ills in post-revolutionary Iran if he had lived.

A man wearing a tie is as rare a sight as a woman not wearing a chador which without being obligatory is being worn by little girls as well as old women without exception and is (for the fanatical Moslems) a sign of loyalty to Islam but also of a revolutionary spirit.

The government, as we said, simply puts into effect, works out the details and defines the declarations made by Khomeini to the people over TV. The premier is 38-year-old Musavi who is one of the oldest members of the government. All members are selected primarily because of their loyalty to Islam. Several ministers are mullahs.

The 'Tudeh' Phenomenon

The policies of the Musavi government can be found in the slogans shouted by the people in the various demonstrations, which are the only ones heard in Iran. The slogans are called out in line of importance (we repeat: you cannot hear a different slogan throughout the country) and they are as follows:

- a. Hand off the clergy.
- b. Neither West nor East.
- c. Death to America.
- d. Death to the Soviet Union.
- e. Long live the revolution of the poor.

No political party functions except the communist one. Tudeh, we were told by a friend, is the strangest party in the world. It supports the regime but the regime does not want that support. And as far as I know it is the only party which is legal...and underground...

Indeed. Although no rule has declared Tudeh to be illegal, it has gone underground on its own while in its legal status it under-functions. Its leading cadres do not appear publicly and the publication of its newspaper has been suspended one more time, awaiting, we assume, one more permit to publish.

For many this attitude of Tudeh is an enigma. Yet, it should not be. Let us see what the Iranian communists are supporting when they support Khomeini.

1. They support an anti-imperialist policy which has enraged the imperialists who cannot stomach that they have lost tremendous economic and strategic "benefits" because of the Iranian revolution.

2. They support a regime which is totally pro-people (as we shall prove below).
3. They support a revolution of the oppressed; not the dogma that a revolution is not a revolution unless it is Marxist with a little Altusser and a great deal of "Poulantzas" as is advocated by the destroyers of our local Eurocommunism who when they hear about the Iranian revolution (that is, a risky and mass overthrow of oppression) suffer apoplexy.
4. They support, finally, the Khomeini regime because they know that a country which is not dependent and a regime that cares about its poor (more accurately its nonprivileged) cannot but have a future whether Khomeini is in power or not.

The international news agencies, these channels of ideological penetration of the peoples, are served in Iran by local journalists whose reports are totally ignored. Thus whatever they send is either "cooked up" or comes from Beirut or from "valid" and "diplomatic" sources and the like.

Therefore the international public opinion is bombarded daily with reports about executions and Khomeini's impending death and nothing else. The previous edition of the "Sunday ELEVETHEROTYPIA" spoke of the executions and we saw that there are indeed many executions not with the frequency reported by the news agencies, not because of inhumanity, but because the country is at war and so people blow up presidents, premiers and ministers by the dozen.

The news agencies want to tell world opinion, "You see what happens when there is a revolution and you throw out our bosses?--executions, executions, executions." A little oversimplified but an entirely true conclusion. But the news agencies hide many things which if they were made known would create a different impression. We will mention them because they refer to the way Iran is governed today. They prove how pro-people is the regime and why Tudeh, the socialist countries and the radical parties throughout the world do not reject or support the Islamic republic. The [agencies] do not allow the international public opinion to learn that in Khomeini's Iran:

1. All foreign trade has been nationalized.
2. The fair distribution of goods and incomes is done by popular committees.
3. Thousands of committees were formed to combat illiteracy.
4. All the shah's palaces (approximately 40) were given to the poor or became centers for rehabilitation of drug addicts, prostitutes, etc.
5. The unemployed receive loans in addition to the allowance until they find jobs.
6. The income tax in the private and public sec or has been equalized.
7. The salaries of soldiers were increased tenfold.
8. Homeless people were given land for free and interest-free loans to build houses.

9. The telephones of public offices are made available to the people after hours.
10. All nonprivileged Iranians are given free medical care.
11. All farmers over 60 are receiving pensions.
12. The annual leave of workers was doubled and so were their wages.
13. Hospitals or hospital units numbering 516 were constructed.
14. Popular councils numbering 15,318 were created for improving the peoples' living conditions (in addition to those of local government).
15. Over 4,000 libraries were established.
16. All banks were nationalized and are now directed by councils with the participation of workers.
17. All mines were nationalized as well as 1,000 factories whose shares were given to workers and employees.
18. All the factories, mines, companies, etc., are managed by those who work in them.

All the above measures have been taken for the first time in Iran; if we were to add the abolition of all economic "agreements" signed by the shah's regime with the West then we must conclude that even the most honest and progressive governments would have a lot to learn from the present Iranian regime--in spite of the religious fanaticism, in spite of the (necessary?) police rule, even in spite of its black over-conservatism we described in the previous report.

One might ask: Fine, but do the people live today better than before the revolution? The answer with regard to the shirtless and landless is certainly positive. For the petty-bourgeoisie, the bazaar merchants, the technocrats, the answer is unquestionably negative. More specifically, these classes suffer most from the food shortages and the lack of other goods due to Khomeini's ban on imports, the more-than-doubling of public expenditures and the absence of economic experts and the suppression of the technocrats. The regime's argument that the food shortages are due to the war with Iran does not reflect reality.

Instead of an epilogue: Sixteen months ago we had predicted that the fanatical Moslems would prevail. This was easy to predict since their feud with Bani-Sadr and what he represented was evident. We note this to underline the continuing class struggle which continues in post-revolutionary Iran, and which is a further guarantee that the Iranian people will find (by themselves) their way to progress and democracy.

The Papandreou government for its part is trying, of course, to improve its relations with this country. The exchange of ambassadors which is expected in the next few weeks is a step in the right direction. Especially since on the side of Iran there are certain very interesting proposals for Greece.

After Khomeini, what?

Early last week the reports came out concerning the leader of the Islamic revolution in Iran. The first report said that a "troika" is being prepared or has already been formed to replace Imam Khomeini. The second, that Khomeini is very ill and that his relatives are at his bedside waiting for his death.

The first report was attributed to an American magazine. (Note: This raises justified questions--why was the magazine's representative allowed entrance into Iran? Reliable observers in Teheran attributed this to certain strange political compromises between the Iranian government and the magazine whose connections with American [secret] services are well known.)

The second report about Khomeini's impending death came...from nowhere. During the days that presumably Khomeini's relatives were gathering at his deathbed, this reporter and another 80 guests of the government heard the leader of the Iranian revolution give a three-quarters of an hour long speech full of very advanced political theses of the kind one can hear in Iran today only from Khomeini. If anything happened to him in the 4 days between then and the time of the writing of this report, we don't know about it. In any event, Khomeini did not look sick. What we do know is that he suffers from eye trouble and that two European doctors are in Teheran.

The interest that all the time is voiced about the health of the Moslem revolutionary leader is understandable. Equally understandable is the question of what will happen after Khomeini's death.

First of all, we wish to express an assessment based on personal impressions, but also on sources we cannot name. The first thing that will happen shortly after Khomeini's death will be an open attack by the Americans against Iran. This is what Reagan and the Pentagon are waiting for, because they happen to know well that with Khomeini alive their plans have no hope of success.

Nothing else will happen after Khomeini's death. On the contrary, his myth will steel the Iranians, especially since there are some people who artfully cultivate the theory that Khomeini may be the 12th imam that all Islam expects to appear. In short, we expect with certainty a hysterical mass unification of the Iranians around the myth of Khomeini as the revolutionary liberator, but also the myth of Khomeini, the 12th imam of Islam. Popular leaders of Khomeini's caliber are not easily abandoned.

With regard to his succession, the first candidate is the number two religious leader Ayatollah Montazeri who, according to information given this reporter, has the support of the army. But it is considered improbable that Montazeri will accept a future religious place similar to that held today by the imam. It is more probable that he will be at the head of a "troika" or a five-member council.

The young president (42 years old) Ayatollah Khameneh'i has gained tremendous prestige lately and has shown that he has leadership qualities, personal charisma and is highly educated. He is bound to play a decisive role in future developments.

Pasdaran-Komiteh

As we reported last Sunday, Iran's defense has been entrusted, according to Khomeini's orders to five different types of soldiers, in addition to the police, gendarmery, air force and navy. They are: the conventional infantry, the volunteer workers, drivers, teachers, engineers, public servants, etc., the volunteers (irregulars) generally, the revolutionary guards (Pasdaran) and the committee members (Komiteh). The last two groups are responsible for the country's internal security. They are the ones who arrest the Mujahedin, they fight against them in the streets, they execute them as they execute the procurers and big drug dealers.

But how does the regime trust all the thousands of Pasdaran and Komiteh members? Ayatollah Kani told us: "To become a Pasdaran or a Komiteh member one must have a clean, unblemished record, and that goes for his family, too. His devotion to Islam must be absolute. The criteria we used have proved to be sound in the years since the revolution. With their self-abnegation and the thousands of victims they offered, the Pasdaran and the Komiteh proved that they are the most daring soldiers of Islam."

The Komiteh members are paid a salary equal to the basic wages of a worker and they are on permanent alert, like the Pasdaran. The latter are the real masters of the life of the Iranians. They implement the laws, they execute, they conduct searches, they stop traffic whenever they want, they guard the officials including Khomeini, they search for the Mujahedin, for drug pushers...they...they...they.

A Pasdaran does not believe in compromise and does not deviate one iota from the orders he has received even though in a given case logic calls for the opposite. All Pasdaran wear the same green khaki uniform regardless of rank and are distinguished by a sign on the chest, an automatic weapon inside a triangle.

What about the police and the gendarmery? Except for the madly chaotic traffic in the Iranian cities, there is nothing much to note. In an auxiliary way from time to time they contribute to the work of the Pasdaran and the Komiteh, the two organizations that are considered more fanatically Khomeini than Khomeini himself.

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CSO: 4621/219

IRAN TO FEED MAJOR OIL REFINERIES

Tehran TEHRAN TIMES in English 15 Mar 82 p 1

[Text]

TEHRAN -- Syria will export to Iran agricultural and textile products and Iran will export crude oil required by two major Syrian refineries, it was decided in the Iranian capital after high-powered negotiations between the economic officials of the two countries IRNA reported.

The 40-member visiting Syrian team expressed satisfaction that "a spirit of understanding ruled over all areas" of the bilateral talks between the two Moslem states, the report said. The delegation is headed by Syrian Foreign Minister Abdulhalim Khaddam.

The oil ministers of the two countries yesterday held a 3-hour long politico-economic discussion to explore mutual grounds of cooperation and top official deputies from both sides participated in the talks.

Syrian Oil Minister Abdul Zahak said the goal of the negotiations was to sign an agreement on economic cooperation which would stand forth against imperialism.

Iranian Oil Minister Mohammed Gharazi said crude oil will be supplied to Syria at market rates. Gharazi pointed out that current ties will be further strengthened with Syria

which is a country that has been directly engaged in confrontation with Israel for the past 30 years.

Speaking to IRNA reporter about the reasons behind trip of the Syrian delegation to Iran, Abdul Zahak said that it was meant to provide the Syrian delegation with the opportunity to study mutual cooperation between the two countries in the fields of oil and natural resources. He said an atmosphere of understanding existed in negotiations.

He further added that the objective behind the negotiations was to sign agreements which would enable the economic system of the both countries to counter imperialism.

Gharazi in reply to a question concerning the visit of the Syrian delegation said that , Syria for some thirty years has been involved in direct war against the Zionism and thus it was deemed necessary to further strengthen the relations between the Islamic Republic of Iran and Syria and meet their needs through cooperation with one another. Gharazi further added that Islamic Republic of Iran would provide Syria with the oil it needed at the market price.

IRAN, INDIA REVIEW TECHNICAL COOPERATION

Tehran TEHRAN TIMES in English 17 Mar 82 p 2

[Text]

TEHRAN (IRNA) — The Indian Mahindra & Mahindra company will assemble 5,000 jeeps annually in Iran, according to the Indian Deputy Foreign Minister in charge of International and Economic Affairs Ramesh Bhandari.

Speaking after negotiations with Iranian officials yesterday, Bhandari added that India will also cooperate with Iran in training bank personnel and technicians.

Currently heading an Indian economic delegation of ministers of finance, trade and foreign affairs, Bhandari said that so far the Indian delegation has met with undersecretaries of the ministries of industries, agriculture, oil, mining and metals, transport, trade and also the governor of the Central Bank of Iran.

Discussions with these officials mostly related to mutual economic relations, and peace and security in the region.

No agreements have yet been signed but the Indian official said both sides discussed the possibilities India could put at the disposal of Iran in the fields of technology, industry and agriculture as well as training Iranian technicians in India.

Referring to his discussion with the governor of the Central Bank of Iran, Dr. Nourbakhsh, Bhandari said that

they discussed the expansion of banking facilities, economic exchanges and aid the Central Bank and other Iranian banks could grant to the banking system of India.

The visiting Indian mission met and conferred with Commerce Minister Asgar Owliadi on Monday.

They discussed historical and cultural relations of the two nations and the further mutual expansion of trade relations.

The Iranian minister of commerce outlined Iranian trade policy and Iran's trade priority being given to Moslem countries and then Non-Aligned countries.

Bhandari said that he hoped that the visit of the Indian commerce minister to Iran and signing an agreement would open a new era in the countries relations.

Bhandari also met and conferred with Foreign Minister Velayati yesterday and they discussed mutual interests of the two countries. Bhandari on behalf of Indian Foreign Minister invited Dr. Velayati to India.

Bhandari and his delegation arrived in Tehran on Thursday to hold negotiations with various Iranian officials.

On Sunday, the Indian delegation called Foreign Trade Undersecretary of the Ministry of Commerce, Majid Hedayatzadeh.

In this meeting, Hedayatzadeh praised the righteous struggle of the people of India against colonialism. He further added that the Iranian nation after the victory of the Islamic revolution of Iran and after thwarting plots of enemies, with its new stability had started military, political and economic planning.

He further added that the Islamic Republic of Iran in reaching industrial independence would make use of the valuable experiences of India and also hoped that through information exchanges between the two countries and studying available potentials and expansion of mutual relations the desired level would be reached.

In reply, Bhandari said

that the expansion of relations between Iran and India was important not only because of their being neighbors but also because both countries were members of the Non-Aligned movement. These reasons, he added, increased the need for friendship between Iran and India.

Bhandari said that India did not pay any attention to the economic sanctions imposed on Iran by the imperialist countries and added that he was happy that Iran in this war had overcome its economic problems.

On the basis of these negotiations a special committee was formed to study problems and ways of expanding trade relations between the two countries and paving the way for signing of new agreements in the near future when the Indian minister of commerce arrives in Iran.

CSO: 4600/360

OFFICIAL REVIEWS STATUS OF NATION'S EXPORTS

Tehran SOBH-E AZADEGAN in Persian 15 Mar 82 p 2

[Text] The overall value of Iranian non-petroleum exports for the first 10 months of this year has been 25,614,000,000 rials.

With the export of between 20 to 25 percent of factory products the foreign exchange needs of this production unit will be met and, within the next 2 to 3 years, we will be able to make our industry independent.

As the result of talks with Persian Gulf countries, it has been agreed that should Iranian goods imported through Persian Gulf ports not bear an official Iranian customs certificate, the goods will be confiscated.

Yesterday morning during a special interview with the Islamic Republic News Agency (IRNA), 'Ali Naqi Khamushi, the deputy commerce minister for exports, gave his views on the increase of non-petroleum exports, the method of issuing commercial cards and the reasons for the decline in exports.

He began by explaining the rise in non-petroleum exports: "The Ministry of Commerce, in addition to exporting the traditional and agricultural products, also has in mind taking steps with regard to the export of industrial products. To this end, in the current year this ministry has taken two urgent steps. In the first stage, preferred prices have been contemplated for stimulating traditional industries--particularly carpets and agricultural products, mainly dried fruits--so that, from this standpoint, exporters will be able to compete against similar goods on the world market.

"Furthermore, in order to redress prices for goods produced domestically that are at variance with the international market a cash incentive has been considered for exporters."

Regarding the export of industrial goods the deputy commerce minister said: "If the existing industrial units in the country increase their production to an acceptable level and, on the other hand, by paying attention to the mission of changing the society's consumption pattern wherein all waste can be prevented, we will easily be able to earmark certain manufactured goods for export."

He added: "In the same vein, with cooperation from the Ministry of Industries, the Ministry of Commerce has in mind adopting a method through which a fixed percentage of manufactured goods can be exported. If, per the preliminary surveys that have been done, the proportional increase in the value of Iranian industrial goods allows an average of 20 to 25 percent of the production of every factory to be exported, the foreign exchange that they need will be provided; thereby, in less than 2 to 3 years we will be able to free most of our industry from dependence upon exported oil as the sole source of foreign exchange.

"In this regard, this will be the biggest step on the road to economic self-sufficiency. And, considering the fluctuations in the price of oil under the colonialist policies of the superpowers, our industry will encounter no difficulty in securing raw materials and other necessities. On the other hand, when placing industrial goods on the international market, we will be forced to constantly raise the quality of our product; and from this standpoint, our marketing will be more successful."

In answer to the IRNA reporter's question on this year's drop in non-petroleum exports, the deputy commerce minister explained: "One of the ways foreign exchange was lost after the revolution was through exports. In this regard, the Chamber of Commerce, Industry and Mines with the help of a group of committed brethren took steps immediately after the revolution to formulate the law pledging foreign exchange for exports. And price-setting committees for exports began operating more diligently so that when faced with fluctuations in the price offered for goods on the international market, the prices of exported goods could also change."

He said: "With the application of this system, profiteers have sought other means to secure foreign capital. Iraq's imposed war on Iran and a lack of real control over border exits resulted in the fact that these smugglers moved their goods out of the country illegally and without their pledge for foreign exchange. They sold off these goods at a price below the market value; in this way, they garnered a considerable amount of foreign exchange."

Khamushi noted: "In order to combat such profiteers, a center called the Center to Combat Smuggled Goods has been established by the concerned organs of the Chamber of Commerce, Industry and Mines."

He continued: "When a merchant knowingly sells merchandise to smugglers, these goods are impounded by the center and the merchant is reprimanded."

He further stated that as the result of talks with other Persian Gulf countries, it has been agreed that in the near future all Iranian goods imported through the ports of these countries without an official Iranian customs certificate are to be confiscated.

The Deputy for Exports added: "The overall value of Iran's non-petroleum exports for the first 10 months of last year was 25,614,000,000, which breaks down as follows:

- 8,917 tons of industrial goods at a value of 785 million rials;
- 53,319 tons of agricultural products at a value of 11,094,000,000 rials;
- 116,070 tons of quarry stone and building material at a value of 1,869,000,000 rials;
- 1,899 tons of carpets and handicrafts at a value of 10,461,000,000 rials;
- 10,965 tons of other goods at a value of 185,000,000 rials;
- 5 percent levied on other customs at a weight of 9,559 tons yielding 220 million rials."

Regarding the issuance of commercial cards in 1981, the deputy for exports and head of the Chamber of Industries and Mines explained: "In accordance with Article 44 of the Constitution--that is, the nationalization of Iranian foreign trade--in 1981 there were no commercial cards at all issued to newly established commercial firms or to merchants who applied, and this policy will continue in 1982."

He continued: "But for newly established production units or production units that have been allowed to operate by the Ministry of Industries but lack a commercial card, cards are being or have been issued. Moreover, for cooperatives whose firms have been registered and verified by the National Cooperatives Organization, a commercial card will be issued should they wish to engage in importing."

He added in conclusion: "With respect to the private sector, a commercial card will be issued only to persons who wish to engage in the export field."

CSO: 4640/222

KHAMOUSHI REVEALS EXPORT POLICY OF ISLAMIC REPUBLIC

Tehran TEHRAN TIMES in English 15 Mar 82 p 2

[Text]

TEHRAN-- Non-oil exports of the country during the past 10 months amounted approximately to 25,614,000,000 rials, stated the Deputy Commerce Minister in-Charge of Export Affairs and the head of the Chamber of Commerce, Ali Naqi Khamoushi, addressing a press conference here yesterday.

"Beside oil and agricultural products", Khamoushi said, "the Commerce Ministry is determined to export industrial products". He said that the Commerce Ministry had implemented two of its crash programs during the current Iranian year.

The export of Iranian traditional products, particularly carpets and dried nuts was given priority in order to encourage the exporters of such goods and to hold the advantage in international markets. "The second program of the ministry", he went on to say, "was the implementation of the decision of the ministry on the export of industrial goods".

Expounding on the situation of factories in regard to their needed facilities, he commented that on average, 20 to 25 percent of the needed exchange of any manufacturing unit would be obtained through the export of goods, or commodities of that unit. Through such programming we will be able to give independence to our manufacturing units during the next 2 or 3 years, so that the operation of our factories do not need to depend on our foreign exchange earnings through oil.

To compete with other industrial commodities on the international markets, he stressed that we should add to the quality of our products.

Talking on the flight of exchange through illegal channels, Khamoushi said that a committee, in the name of Anti-Smuggling Goods Headquarters had been formed in the Chamber of Commerce of Industries and Mines.

In this regard, the Commerce Ministry had also held negotiations with countries in Persian Gulf region to confiscate any kind of imported goods and commodities to Iran through countries if they were not supported by valid import documents from Iran's Customs Department.

Concerning the issue of trade licenses through Commerce Ministry during the current Iranian year he said that taking into account Article 44 of the Constitution on the nationalization of foreign trade, no trade licenses for newly established companies, or for individuals were issued this year and furthermore, such a policy would be continued during the next year.

In conclusion, the Deputy Commerce Minister revealed the figures showing distribution of exports during the past 10 months as follows: Industrial commodities, 8,917 tons valued at 785 million rials; agricultural products, 53,319 tons, valued at 11,094 million rials; minerals and construction materials, 116,070 tons, value 1,869 million rials; carpets and other handicrafts, 1,899 tons, value 10,461 million rials; other commodities and goods, 10,965 tons, value 185 million rials and the income of Custom Department to be 5 per cent of all goods exported amounting to 9,559 tons and valued at 220 million rials.

CSO: 4600/359

BRITAIN ATTACHES STRING TO IRAN'S WARSHIP 'KHARG'

Tehran TEHRAN TIMES in English 17 Mar 82 p 2

[Text]

TEHRAN — Quoting a dispatch of Reuters from London, the Islamic Republic News Agency, reported that in its recent issue, 'the well-known British daily The Observer wrote that the British government was prepared to deliver the Iranian-ordered warship Kharg to Iran in order to melt the existing ice in Tehran-London relations.'

According to the Observer, the Kharg, valued at 45 million pounds would be delivered to the Islamic Republic in exchange for a guarantee by the Islamic Republic that the ship not be used against Iraq.

The same article says that Britain, despite the embargo of arms to Iran, was willing to supply spare parts for Chieftain tanks of the Iranian Armed Forces.

However, it must be recalled that British authorities refused to deliver Kharg to Iran following the decision made by the European Economic Community (EEC) on enforcing an arms sanction on Iran following latter's taking hostage the American diplomats in Tehran.

The report further said that Britain is seeking ways to start negotiations for reopening its embassy in Tehran closed since 1980.

CSO: 4600/360

ISRAELI HARASSMENT OF BEIRUT FOREIGN PRESS CORPS CITED

Beirut MONDAY MORNING in English No 1337, 1-7 Mar 82 pp 18-25

[Article by Mona es-Said]

[Text]

An Israeli government and Knesset campaign against the Western correspondents based in Beirut has fuelled speculation that Israel is preparing to resume its military attacks on Lebanon.

Foreign pressmen in the Lebanese capital have suggested that the campaign, launched over two weeks ago and still going strong, is meant to discredit the foreign press in Lebanon and thus cushion the blow of their coverage of an approaching Israeli attack.

Edward Cody, Middle East correspondent of the "Washington Post," told *Monday Morning* last week: "Since I am not in Jerusalem, I don't know what the Israelis' motives are, but I would guess that what they are trying to do is undermine the credibility of the people who report on the Palestinians. Since they were so badly burnt by the reports on their attack on the South and Beirut last July, I guess they would be glad to see the credibility of correspondents here undermined in advance of a future attack, to cast a shadow of doubt on any reporting of such an attack."

He added: "Whether they're thinking ahead and trying to undermine our credibility in advance I don't really know, but it makes sense."

Peter Ruff, assistant foreign editor of the British Broadcasting Corporation, told me in a long-distance telephone interview: "We are not unaware that people are suggesting that this (Israeli campaign) is meant in some way to divert attention or to influence (media) decision-making about the present tense situation in South Lebanon, but it is not for us to interpret the present suggestion by Israel that our Middle East coverage has been affected by certain events."

CHAFETS

The Israeli "suggestion," which questioned the objectivity of the Beirut-based correspondents of almost all British and American media, was first made in the second week of February by the director of the Israeli Government Press Office, Zev Chafets.

In an interview with "The New York Times" correspondent in Israel, Chafets said that violence and threats of violence against Western correspondents in Beirut by Syrians and Palestinians had intimidated the foreign press corps in the Lebanese capital. The Western correspondents in Beirut and their headquarters in the Western world, cowed by these threats, were trying to appease the Palestinians and Syrians by covering up certain stories in Lebanon and Syria and presenting a distorted image of Israel, Chafets said.

He gave several examples.

Among these, he said, was the murder in Beirut last summer of Sean Toolan, a part-time reporter for America's ABC. He pointed out that Toolan was killed shortly after ABC aired a special report by correspondent Geraldo Rivera which was sharply critical of Palestinian terrorism. He added that after the murder, in a "cowardly" change of policy, ABC included a "malicious, distorted and one-sided" report on the West Bank Arabs in its "20/20" program.

The "20/20" program he was referring to was aired early in February. For the first time on any major American TV network, the program presented the Palestinian view of Israeli occupation: the confiscated land, the takeover of water resources, the suppression of educational and cultural development among the Arabs, the efforts to deprive the Palestinians of basic medical needs...

The report sent shockwaves through Israel, which is not used to such rough handling by the American media, and brought a sharp rebuttal from the Israeli ministry of information. The rebuttal was promptly answered in a letter to the Israeli information minister by George Watson, vice president of ABC News. (*See "The ABC of the West Bank" in this report.*)

The foreign correspondents I talked to in Beirut told me that the Israeli suggestion that Toolan was murdered because of the Rivera report was ridiculous, since everyone knew that there were personal motives behind the murder.

But Chafets did not stop at the ABC report. Among the other examples he gave of the intimidation of Western pressmen in Beirut was the kidnaping of four American reporters and one American photographer by Palestinian guerillas in South Lebanon last summer. That incident, he said, was not reported by the media whose correspondents were kidnaped — "The New York Times," "The Washington Post," "Newsweek" and the Associated Press. The "cover up" was the obvious result of intimidation, he said.

Another "cover-up due to intimidation" was the BBC's failure to report the reasons that prompted it to pull its correspondents out of Beirut and re-base them in Nicosia, Cyprus.

And the list went on...

KNESSET

Chavets' campaign was soon taken up by Knesset Foreign Affairs and Security Committee Chairman Eliahu Ben-Elissar, who told the Knesset last week: "A long chain of acts of terror, intimidation and blackmail has led to a state of near-terror in which Western journalists live and work in Lebanon and Syria... in the course of which Israel is presented in the Western media in a twisted and distorted fashion."

Among the media whose coverage of Middle Eastern events have been influenced by "intimidation and blackmail," Ben-Elissar mentioned "The New York Times," ABC, "The Washington Post," "The Los Angeles Times," the Associated Press, United Press International, Reuter and BBC.

The Israeli parliamentarian, like Chavets, spoke at length about the "abduction" of the five American newsmen in South Lebanon, charging that the media's failure to report this incident was enough to prove the Israeli charges.

The five newsmen involved in that incident were John Kifner and Joe Farrell of "The New York Times," John Randle of "The Washington Post," Julian Nundy of *Newsweek*, and AP photographer Bill Foley.

KIDNAP

Talking to me in Beirut last week, Kifner said that neither he nor his four colleagues had been "kidnaped."

He related the incident as follows:

"We had had a report that there was an Israeli landing near the Family Beach, and we had known that Israeli aircraft had attacked the Damour area earlier in the day. We decided, probably unwisely, to go investigate. It was after midnight, and we wanted to get as far south as we could.

"We were picked up by a bunch of commandos from the Popular Front for the Liberation of Palestine - General Command (PFLP-GC). Some of us did not have any identification on us, and they couldn't figure out who we were, so they took us to their headquarters for questioning. There they searched my car and found a bulletproof vest in the back. That really freaked them out, so they locked us up. Then everyone started running around getting our identification, and we were released 20 hours later.

"You can't really call this a kidnaping. It was a risk which we were foolish enough to take in a very jumpy situation without proper identification. We did not have enough Arabic between the five of us to talk ourselves out of the situation. But once it was established that we were journalists, they let us go with profuse apologies. Everybody on all sides was sort of embarrassed about the whole thing."

"The New York Times" has rejected the charge of cover-up, stating that the incident was not reported because it was not considered newsworthy.

AP issued a statement to the effect that it did not report the incident because "we did not regard that as news then and we don't think it's news now." UPI Foreign Editor Gerald Loughran said: "UPI reports incidents of intimidation of correspondents or allegations of intimidation when it considers such situations newsworthy."

All correspondents interviewed here last week agreed that the incident could not by any stretch of the imagination be regarded as an instance of intimidation of the Western press, since it was the hostages' identification as Western journalists that led to their release.

THREAT

None of the Western correspondents I spoke to could report one incident in which he received a threat or was subjected to threatening behavior by any party in Lebanon.

Most of them, however, did not deny that they were aware of the dangers of being foreign newsmen in Lebanon.

Edward Cody put it this way: "There is a general atmosphere in Lebanon in which it is understood that there could be threats from certain parties. This is due to certain things that have happened — like Bernd Debusmann (Reuter bureau chief) being shot in the back (in the spring of 1980)... So there is a grain of truth in the Israeli charge, in the sense that fear of certain things has over the past year or two changed the nature of reporting here in Beirut on some subjects."

But he added: "Those subjects are not Palestinian subjects."

Vincent Schodolski, chief correspondent of UPI for the Middle East, said: "I think it is hard not to be aware of the fact that you could walk out of your office at any time of the day or night and be shot or kidnaped or whatever. Enough people have been shot or kidnaped in the past to make one concerned."

John Kifner: "It would be naive to say I don't feel vulnerable. There are 40-odd armed groups here: they all hate each other, and you've got to operate among them. It's like operating in a lawless jungle. Anybody can do anything."

Most correspondents, however, agreed with Cody that although they may be intimidated by some groups in Lebanon, they were by no means afraid of the Palestine Liberation Organization.

PALESTINIANS

Said Mike Kennedy, Middle East correspondent of the "Los Angeles Times": "The Israelis are absolutely wrong to lay heavy emphasis on intimidation of the press by the Palestinians. The fact is that in Beirut, the one group that you're not going to be intimidated by is the Palestinians."

They're cooperative people and have never done anything to make me think that my life would be in danger if I wrote anything that was not to their liking."

The Middle East correspondent of the London "Guardian," David Hirst, who has been a resident of Lebanon for the past 20 years, developed the theme:

"Journalists do feel threatened by certain quarters in Beirut, and everyone knows which quarters are the most threatening... I feel threatened by these quarters, but I do not feel threatened by the Palestinians, although I've often written things which I know (PLO Chairman) Yaser Arafat was furious about. I am absolutely confident that the PLO is not going to harass me or threaten me or physically dispose of me.

"I think, therefore, that the Israelis are deliberately mixing up two quite different things — namely, the real threat from certain Arab quarters, which journalists do feel, and a spurious threat from the PLO, which journalists do not feel. They are trying to create an imaginary Palestinian threat out of a real threat from non-Palestinian quarters.

"On the strength of this false linkage, they are maintaining that we journalists in Beirut misreport events in a way which is unfavorable to the Israelis; in other words, that we exaggerate the barbarism of Israeli military operations simply because if we don't do that we will be subject to Palestinian intimidation. That is complete nonsense as far as I am concerned."

It is also nonsense as far as the rest of the Western press corps are concerned. All correspondents, including those who frankly stated that they felt threatened in the lawless Lebanese environment, stressed that the situation had not damaged the objectivity of their reporting in any way.

COVERAGE

"The security situation here has certainly not affected our coverage of Israeli actions in Lebanon," said Cody. "Our coverage of the Lebanese situation? I don't think security affairs affect it in the long run, although they do cause us to pay more attention to certain aspects of a story... There are those who say a human being cannot be totally objective because he sees things through filters which he has built up over the years. But within those human limits, I consider myself to be totally objective... And as Western correspondents, I think we're certainly better equipped to be objective than the Israelis or the Palestinians..."

UPI's Schodolski conceded that "because of our awareness of certain problems, we don't make unnecessary waves," but he added: "I can honestly say that we have never withheld a story or changed it in any way that would make me feel that we hadn't honestly presented what was happening in Lebanon. The situation here may affect the

way in which we work sometimes, but it does not affect the end product in any serious way. When we are careful in our treatment of a story, it is more often than not because we're not really sure what the facts are. In a place like this, it is very hard to distinguish what's really happening from what people want us to think is really happening...

"The Israelis are trying to make it look as if a basically hardworking and dedicated group (of foreign correspondents) here is cowering and living in fear. That is simply not the case. They have twisted the facts to present an image which is basically wrong."

Kifner also rejected the Israeli charge, noting that although the lawlessness in Lebanon "is a fact that you've got to consider, it is not true that it has prevented me and the others from doing our job properly."

BBC Assistant Foreign Editor Peter Ruff told me that in the summer of 1980, the BBC withdrew its correspondent, Tim Llewellyn (who has since been replaced by Graham Leach), and its free-lancer, Jim Muir, from Beirut and re-based them in Nicosia, where Muir remains to this day, while Llewellyn is now based in Nairobi.

It was also true, he said, that this measure was taken because there were threats on the lives of the correspondents concerned.

But he denied Israeli charges that the BBC had been intimidated into "covering up" that incident and relinquishing its policy of objective reporting in Lebanon, Syria or Israel.

"We reported this (withdrawal) fully in all news bulletins in our World Service and our domestic service. What we did not say was whether we knew who was responsible for the intimidation that led to the withdrawal. Some speculation was printed by several newspapers at the time, but it was not broadcast by the BBC because we had absolutely no evidence to support it."

Ruff added: "Despite the difficulties involved in working in all parts of the Middle East, at no time has the BBC suppressed news because it feared the consequences, nor have news items been broadcast in order to appease a particular party in the Middle East region... We feel that we are totally objective in our Middle East coverage. Under no circumstances do we believe that the difficulties we have faced have changed our objective approach to the Middle East with all its complications. We deny the basic premise that intimidation has affected our coverage of the Middle East."

Hirst pointed out that "although we feel threatened, the Israeli charge that we bow to these threats is forcefully disproved by the way in which we have covered events in Lebanon and Syria, including the way some of my colleagues have covered the past fortnight's events in Syria."

ASSASSINATE

He warned, however, that "a man like (Israeli Prime Minister) Menahem Begin, not to mention his entourage, would have no moral scruples about proving his point by using one of his numerous agents in this country to assassinate a foreign correspondent, if someone else doesn't do it for him."

As for the charge that Beirut's foreign newsmen were distorting the image of Israel by their coverage of Israeli attacks on Lebanon, all correspondents interviewed denied it categorically.

What they did was report the attacks, they said, and it was the attacks that damaged the Israeli image.

Hirst told me that if the Israeli image had been misrepresented in the West, it had generally been misrepresented in a way that benefited the Jewish state.

"Israel has over the years been treated with kid gloves by the international press," he said. "The picture which the outside world, especially the U.S., has so far received of what is happening in this area is grotesquely biased in favor of Israel... I think that most correspondents here would feel that, regardless of their own efforts to project an accurate picture, the full impact of what they are saying is never really transmitted to their readers or audiences."

Kifner described the Israeli accusations as "a campaign to discredit us for the wrong reasons. We do work in an unstable situation where there are a lot of different factions with guns, but the Israelis are twisting that to say that we're not reporting the news. That is not true. The problem is that we *are* reporting the news, and they don't like it."

MOTIVES

Schodolski, giving Israel the benefit of the doubt, suggested that its charges against the foreign press had been an "honest mistake," but he added: "The timing is quite odd. It came right in the middle of the trouble in Hama, when there was a large number of journalists in Syria, trying to work in difficult conditions... Frankly, I wouldn't want to interpret their motives."

But the general feeling among correspondents here is that the Israeli campaign is an attempt to discredit the foreign press corps covering events in Lebanon, which has been the target of Israeli attacks for the past decade. Some, as Edward Cody speculated and Peter Ruff acknowledged, believe that this could be a "preemptive attack" on the press as a prelude to another Israeli invasion of the South. Others are saying that this is Israel's way of undoing what the Western press had done to its image with the worldwide coverage of the bombing of Beirut last summer and, more recently, the no-holds-barred ABC report on the West Bank.

The Western correspondents in Israel seem to read another motive into the Israeli campaign.

Last Friday, the Foreign Press Association (FPA) in Israel bought front-page advertising space in Israeli newspapers to publish the following statement:

"The accusations, as promulgated by the director of the Government Press Office and brought before the Knesset... are directed against editorial decisions in which no member of the FPA in Israel has been involved. This association condemns any attempt at intimidation of news reporters anywhere in the world.

"We welcome Ben Elissar's call to join in the fight for freedom of the press, a cause obviously dearer to no group of people than ourselves.

"While welcoming these statements, we absolutely oppose any effort, however subtle, to undermine our continuing determination to report without hindrance or harassment all the news our members see fit to cover."

Observers here have noted the implication in the last sentence that foreign correspondents in Israel are worried that the Israeli campaign is a prelude to stricter control of foreign pressmen trying to cover the increasing turmoil in the West Bank and the Golan Heights. That worry appeared to be justified last week when Israel denied the press access to the Golan Heights, where a strike is continuing in protest against Israeli annexation.

If the FPA's statement is to be believed, any Israeli attempt to hinder press coverage of events in the occupied territories will be resisted.

And if the statements made to me in Beirut are to be believed, the Israeli campaign will have no effect on the type or tone of future articles filed from Beirut.

"If these ridiculous charges have done anything at all, they have angered the correspondents based here," said Mike Kennedy. "Since there is absolutely no foundation to the things they have said, we are just dismissing them out of hand."

The ABC of the West Bank

[Boxed item]

Many believe that what triggered Israel's current assault on the foreign press in the Middle East was a report on the West Bank presented by America's ABC TV as part of its "20/20" program early in February.

The report drew sharp protests from Israel and a string of denials and accusations from its information authorities.

ABC News rejected all Israeli objections in a letter from its vice president, George Watson, to Israeli Information Minister Harry Zvi Hurwitz.

Monday Morning has obtained the full text of that letter from ABC and publishes it verbatim here:

Dear Mr. Hurwitz:

I want to reply to your rebuttal of the "20/20" report on the West Bank Arabs which was broadcast February 4th and to

some of the other questions raised concerning the preparation and content of the report.

In undertaking this report, we sought to examine how Arab residents of the West Bank viewed the Israeli military occupation and how the responsible Israeli authorities respond to specific complaints and charges raised by many residents. Through extensive research and interviews with Arab residents, we found several major areas of contention which provided the basis for our report, including the Israeli settlement policy, the fairness of military justice and security measures, Israeli policy toward the development of Arab institutions on the West Bank, and control of the West Bank water supply.

During our discussions with Israeli authorities, we sought the opportunity for

an on-camera interview with a representative of the military government who could respond to the specific charges raised. Our first choice, of course, was Defense Minister Sharon, who during a lengthy meeting with our producers and correspondent, stated that he was indeed the one person who should speak on these issues. He stipulated, however, that he would not permit his interview to be intercut with those of the Arab residents who were charging the military government with mistreatment. It is ABC News policy that such prior conditions restricting the editing of a news story cannot be given. Nevertheless, we continued to urge that either Defense Minister Sharon or any other military government official, including General Danni Matt or General Ben Eleazar, agree to an on-camera interview. As the meeting ended, we were informed by General Sharon's press representative that no interview with any of the responsible authorities would be granted.

We were then left with no choice but to state at the beginning and end of the "20/20" report that Israeli officials had refused to appear on camera to address the specific issues raised by the West Bank Arabs. We did, however, express the Israeli point of view at various points in the report as best we could.

After the responsible military officials had declined to be interviewed, Israeli representatives suggested the possibility of interviewing several other persons. None of these, however, had any direct responsibility for administration of the West Bank and therefore could not have addressed the specific issues raised by the Arab residents.

Let me now address the four specific areas covered in your rebuttal.

LAND: Israeli settlements on the West Bank have been condemned by the United Nations as illegal under the Geneva Convention and by the United States government as "obstacles to peace." You concede that "occasionally" it has been necessary to confiscate privately-held land, but say it was only uncultivated land. ABC News observed in at least three settlements which we visited that cultivated land had been taken. We observed grapevines and olive trees that had been bulldozed. The report did, however, include an interview with an Israeli settler who supported the view that all lands being taken were the property of the Israeli government.

According to a variety of reports based on Israeli statistics, approximately 375,000 acres or 27 percent of the West Bank has been transferred to Israeli jurisdiction. What we reported is that many Arab residents believe that their land, and therefore their livelihood, is being taken from them by the Israeli government. Based on statistics, interviews and our own observation, we found the Arab charges to be credible.

Finally, as you subsequently acknowledged, your rebuttal was incorrect in stating that correspondent Tom Jarriel said, "We are now witnessing the final phases of the liquidation of Palestine." That statement was made by economist Ibrahim Mattar.

CULTURAL ACTIVITY: You stated that four new Arab universities have been created since the Israeli occupation. You neglected to point out that three of them were built with private Arab funds and the other with U.S. Roman Catholic Church funds.

We noted several times in the report the Israeli need for security, given the history of conflict in this area. The question, however, as it concerns cultural identity, is to what extent security is used as a rationale for suppressing cultural expression. We found that many Arab residents feel that security has been used as an excuse for stifling their cultural and social identity. They cite many examples of measures taken which have the effect of limiting cultural expression.

We did not report on conditions in West Bank schools, or on the numbers of teachers and pupils. Our investigation, however, found evidence of routine harassment by military authorities of Arab high schools and universities. This has been reported frequently in the Israeli press. Such harassment is often cited by Palestinian Arabs as one among many examples of how the military government impairs development of West Bank institutions.

HEALTH: There may be some question over the size of the population served by the Ramallah Hospital, but whether the Palestinian or Israeli number is used, the single baby respirator is considered inadequate under accepted medical standards.

Palestinian doctors claim that the infant mortality rate on the West Bank is 70 to 80 per thousand. Israelis claim it is far

lower. Since we had no way to confirm independently either of those figures, we noted the disagreement, but used neither number. We did not assume that one set of statistics was more valid or believable than the other.

It has been pointed out that Hadassah Hospital is only 20 minutes away from Ramallah by ambulance and that it is available to West Bank Arabs. Palestinians emphasize what they say is an Israeli hospital. They prefer to use an Arab hospital. Hadassah is an Israeli hospital. It is also in Jerusalem, which requires West Bank citizens to pass through Israeli checkpoints, and in life-threatening situations, minutes obviously count. The point made by those interviewed in our report is that Ramallah has not received the kind of financial support it needs from the Israeli government in order to provide adequate care to those it is intended to serve. As stated in our report, Israeli spending on health services in real terms, adjusted for inflation, has actually declined.

WATER RIGHTS: ABC News found no evidence to support the contention that Arab residents and Israeli settlers have received equal treatment over water resources. A 1980 report for the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee states that, since 1968, the Israeli military administration has "precluded any drilling of wells for irrigation purposes by West Bank farmers." The report also states that "in the Jordan Valley, the concern apparently is to preserve water resources that may be needed to meet the future requirements of Israeli settlements."

According to an Israeli military government study, the 17 Israeli wells on the West Bank pump 30 percent of the water to serve Israeli settlers who comprise only 3 percent of the population. Arab water supplies, on the other hand, have remained the same since 1967 because, as you point out, no new Arab wells have been drilled. In addition, there is a legitimate debate over whether Israeli deep bore wells deplete the Arab water supply.

We reported that the dispute over water rights in the Jordan Valley represents "one of the most basic Palestinian charges of Israeli injustice." And we believe the example we used was a fair representation of the one-sided competition for water supplies in that area.

In summary, we have fully reexamined the "20/20" report in light of the serious allegations made in your rebuttal of it. We have concluded that our report was a fair and accurate examination of the beliefs and complaints of West Bank Arabs. We reported no charges that we felt could not be arguably substantiated. We stated the Israeli position on key points. It was unfortunate that the responsible Israeli military authorities declined to be interviewed, but that was their decision. Therefore, we must reject the charges of bias, distortion and slander made in your rebuttal.

Whenever ABC News has reported extensively on the Middle East situation, we have been condemned by one side or the other. To imply that for any reason, we have taken sides or that we have been intentionally biased is ridiculous. We stand by this report, and we stand on our record of full, fair and accurate reporting.

Sincerely yours,
George Watson

FACTIONALISM SAID TO WEAKEN RESISTANCE AGAINST ISRAEL

London 8 DAYS in English No 10, 13 Mar 82 p 23

[Text] *The solidarity of the anti-Israeli forces in Lebanon is threatened by gun battles between factions, with anti-Syrian feeling a prime cause.*

ONE OF the Lebanese Islamic militia groups involved in last month's fighting in Tripoli, in which at least 20 died, has been condemned as 'an isolationist conspiracy' and a 'fifth column' by one of the country's leftist leaders.

The group, Popular Resistance, professes to combine leftist and pan-Islamic ideals with strong support for the Palestinian cause. But some Palestinians see it differently — like Hatem Kaoush, an official of the pro-Syrian Saiqa guerrillas. 'The battle in Hama and Tripoli is only one of the battles with the reactionary enemy trying to split our ranks,' he told a Beirut rally recently.

Popular Resistance, which draws its strength from Sunni Muslims in the riverside slums of Lebanon's second-largest city, is inevitably viewed by many leftists and Palestinians as a tragic distraction from the struggle against Israel. In the city's working-class areas of Qubbeh, Tebbaneh and Zaheriyeh, perhaps as many as 1,000 heavily armed teenagers — in green flak jackets and faded jeans — make up the backbone of a fighting force whose aim is to rid Tripoli of Syrian influence.

Their rivals are the city's Syrian immigrants, many of them sympathetic to the non-sectarian ideology of Syria's Baath Party, who came to Tripoli as labourers earlier this century. The arrival of the mainly-Syrian Arab Deterrent Force (ADF) in 1976 strengthened the immigrants' hand in local politics, and provoked the resentment of their neighbours. Ideological differences over the role of religion in politics, and

echoes of the Sunni Muslim Brotherhood rampage in Hama, gave the three days of fighting last month a wider significance.

Popular Resistance's anti-Syrian line is anathema to Lebanon's mainstream leftists, who rely on Damascus as a counterweight in their conflict with the mainly-Maronite Phalange. During the recent fighting, in a conversation with Reuters that was punctuated by shell bursts from adjacent streets, Khalil Akkawi, the group's bearded leader, said that it was his fifth battle with the ADF and its local allies since the force arrived.

Leftists say that if the ADF withdrew, Lebanon would revert to violence and chaos. Akkawi puts it the other way round: 'This is a popular uprising, just as in Hama.' His followers explained the conflict in religious terms, as an Islamic revolt against an irreligious Syrian government.

In Tebbaneh, Popular Resistance command posts (with codenames like The Blue Dragon and Cape of Good Hope) keep in touch over a Japanese wireless system. Secret passageways provide a quick escape when the fighting gets tough. The organisation's motto ('For every giant that falls, a thousand shall rise') is surrounded by head-and-shoulder portraits of their 'martyrs' on posters stuck to the peeling walls.

Syria's ruling Baath Party rejects the group's pan-Islamic sentiments as a dangerous social disease to be combated by all possible means. 'Being an Arab is the only bond uniting the diverse regions, sects and tribes of the Arab world . . . any other loyalty is a deviation,' a party document says.

Samir Sabbagh, a prominent Beirut Nasserite who helped arrange the Tripoli ceasefire, was more charitable to Popular Resistance. 'I cannot say they are hostile, but they should not take arms against forces that are fighting Israel,' he said

REVENUE DECLINE PRODUCES LARGE BUDGET DEFICIT

Paris AN-NAHAR ARAB REPORT & MEMO in English No 11, 15 Mar 82 p 2

[Text]

Lebanon's parliament approved a LL 6.3 billion (\$1.3 billion) budget for the 1982 financial year last week, and figures released in the budget bill indicate that the Lebanese government will have only enough revenue to cover 55 per cent of the allocations. According to Finance Minister Ali al-Khalil the decline in revenues from which the state now suffers and persistent and growing budget deficits "will bring considerable danger."

Government income this year is estimated at LL 3.5 million (\$650 million), compared with LL 3.6 million last year. The decline in revenue is seen as the result of the insecure political climate in the country. There has been a substantial drop in customs duties, which normally account for 40 per cent of revenue, due to the increasingly ubiquitous and large-scale smuggling taking place through illegal ports along the Lebanese coastline. Last year customs duties fell to LL 435 million, one-quarter of what was expected, as militia groups operating the illegitimate ports siphoned off the revenue for their own purposes. Another problem for the government is tax evasion, which Mr al-Khalil said he hopes to combat by offering discounts to people who pay their taxes early. In addition, the government must contend with continuing increases in wages and inflation.

The new budget is 23 per cent larger than last year's. The deficit of LL 2.75 billion (\$570 million) will have to be borrowed. Treasury bonds will also be issued to help make up the difference. Financial aid from Arab countries is estimated at LL 927 million (\$190 million), and will serve to reduce the deficit to 29 per cent.

Mr Khalil told parliament that the state was at present capable of bearing the deficit and he pointed to a continuing rise in the balance of payments, Lebanon's good credit rating and a limited debt as reasons for optimism.

Figures for budget allocations were not disclosed last week, but Mr al-Khalil said that provisions had been made for considerable increases in the allocations to the ministries of the interior, defence, education and health. As in the previous year, 31 per cent of the budget is to go for long and medium-term development projects.

The parliament also approved supplementary budgets for the autonomous directorates of Posts, Telegrammes and Telephones, the National Lottery and the Grain and Sugar Beet office totalling LL 1.26 billion, bringing the figure for total budget expenditure to approximately LL 7.5 billion.

CSO: 4400/190

GENERAL PEOPLE'S CONGRESS SETS BUDGET

London JAMAHIRIYAH REVIEW in English No 21, Feb 82 pp 11-12

[Text]

ECONOMIC and social development was the main focus of attention during January's seventh ordinary session of the General People's Congress (GPC), the Libyan legislature. Meeting in Tripoli from 2nd-7th January, Libya's trades unions and 173 Basic People's Congresses discussed a series of reports from the Jamahiriya's Secretaries (the equivalent of Ministers in traditional administrations), and reached decisions that will form the basis of policies for the coming year.

Major outcomes of the GPC were calls for wide-ranging economies to counter the impact of reduced oil revenues, and demands for a more efficient civil service and a more effective system of marketing agricultural produce. The GPC also took decisions aimed at improving technical training in the Jamahiriya, in line with the emphasis in the 1981-85 development plan on the need for Libyans to acquire technical skills and so reduce the country's dependence on foreign workers.

Oil

Reviewing the difficult conditions in the international oil market last year, Petroleum Secretary Abdel Salam Zaager told the GPC that a number of major oil producing states had deliberately increased output at the behest of the United States. The aim had been to create a world oil glut, and thereby to make it difficult for progressive countries to sell their higher-priced oil. 'The conspiracy has created an oil glut of 3.5 million barrels of oil per day worldwide, and another 3.5 millions that are the result of stockpiling,' he declared. The Jamahiriya's oil sales had fallen during 1981, but the

country was determined to overcome the resulting financial problems by 'cutting costs and expenses'. The need for economies was evident in a succession of resolutions adopted by the GPC on other sectors of the economy, and was strongly reflected in the 1982 development budget (see inset box).

Agriculture

Agricultural development was the subject of a lengthy debate, with discussion focussing on the difficulties encountered in marketing produce. The General Secretary of the Farmers' Union pointed to a number of shortcomings of the Jamahiriya's General Marketing Company, which is responsible for distribution in Libya. The Company had failed to provide key services, such as transport, he said. Sometimes it refused to accept farmers' produce. There was no adequate quality control. He called on the General Marketing Company to pay farmers immediately on receipt of their goods.

Last year's abolition of private control over retail trade was one of the key moves in the establishment of socialist economic relations in Libya. Private shops have been replaced by people's supermarkets, where citizens can buy at virtually cost price the full range of goods previously sold by private merchants. The General Marketing Company was set up to manage the countrywide network of people's markets.

On livestock marketing, the Farmer's Union called for subsidies on locally produced meat to be raised, and those on imported meat to be lowered. Such measures, said the Union, were essential

if Libyan meat production was to be increased. The Union also called on the Agrarian Reform Secretariat to allow the public sector National Company for Livestock and Meat to buy up all sub-standard livestock, and to guarantee the purchase of a quarter of all camels and goats, for which demand in Libya is limited.

In reply, Mr Bashir Jawda, Secretary of Agrarian Reform and Land Reclamation, acknowledged that there were problems over marketing, but that these were not unique to the Jamahiriya. They were characteristic of all developing countries, he said. Despite the problems, Libya's production record was better than in many countries: cereal production had risen from 75,000 tonnes in 1975 to 150,000 tonnes in 1980; meat output had increased in the same period from 44,000 tonnes to 66,000 tonnes; 661 million tonnes of vegetables were produced in 1980, compared with 564 million tonnes in 1975; egg output had risen from 178 million to 386 million; milk production had reached 114 million litres in 1980, compared with 87 million litres in 1975.

Mr Jawda reported that while the Jamahiriya last year imported 2.6 million head of sheep and cattle, domestic output had reached five million head, of which about half a million had been slaughtered. He added that agreement had already been reached for public companies to buy all Libyan agricultural produce.

Suggesting that many of the farmers' grievances stemmed from short-term dislocation caused by the recent abolition of private control over the retail trade, Economy Secretary Zaid Omar Durda told the GPC that the recently-formed General Agricultural Company was pressing ahead fast with plans to improve marketing. Buying and collection depots had been established in such regional centres as Tripoli, Tajoura and Aziziyeh. So far, he added, the company had set up 456 distribution depots throughout the Jamahiriya.

The GPC resolved:

- to institute a study of privately-owned farms, with special attention given to their failure to adhere to agricultural directives. The study would lead to a possible re-organisation of agricultural land ownership (see inset: *Profiteering by farmers must end*).

- to initiate a study of agricultural marketing directed at improving the efficiency of the distribution system.
- to launch a major study of the Jamahiriya's water resources, and to issue a law on water use.
- to issue a law aimed at pasture and forest conservation.
- to issue a law on agricultural inspection.

Health

In a wide-ranging report to the GPC, Health Secretary Murad Ali Lanqi stressed that the Jamahiriya's programme of health care depended on an adequate supply of skilled workers. The 1981-85 programme called for 6,000 doctors, dentists, pharmacists and qualified medical technicians, he said. At present, 2,389 skilled medical personnel were working in the country's health services, representing 38.5 per cent of the plan's total needs. The Health Secretary added that the 1981-95 health programme also called for 23,000 medical auxiliaries, of whom 6,839 — 29.7 per cent of the total — had already been trained.

Mr Ali Lanqi stressed the centrality of basic health services, preventive medicine and of environmental health programmes in the Jamahiriya's overall health care system. He added that one of his Secretariat's major goals was to encourage the attendance of Libyan citizens at their local clinics. To this end, the Secretariat was issuing health record cards to Libyan citizens, and was moving to strengthen the role of the family doctors who service the local clinics.

A major change proposed by the Health Secretary was the abolition of free prescriptions for out-patients at hospitals. The Jamahiriya's generous welfare system, he said, had led to a major increase in the consumption of medicines, to the point where they were sometimes being used when not really necessary. He recommended that outpatients should in future pay a token charge for medicines, a move that would save the country LD 15 million per year of the total of LD 20 million currently spent on medicines.

The GPC resolved:

- to approve the token charge for outpatients' prescriptions.
- to place new emphasis on improving the quality of services at existing health

care establishments. The construction of new facilities would be given a lower priority.

Education

Education Secretary Abdel Hafez az Zulavtini reported that the total number of students of all types of educational establishment in the Jamahiriya had risen to 1,089,953, and added that new facilities currently under construction contained 11,200 classrooms.

The GPC resolved:

- to speed up the development of an educational system that more closely matched the country's needs. A key change would be the encouragement of earlier specialisation, and the phasing-out of general secondary schools. These would be replaced by specialised training institutes, with courses linked to those of the universities.
- to step up the development of post-tary training at educational establishments.
- to speed up the development of post-graduate education.

- to end scholarships for study overseas, except for instruction that is not available in Libya.

Civil service

The report of Civil Service Secretary Muhammad Abdullah al Mabrouk centred on foreign workers in the Jamahiriya. Noting that the 1981-85 plan provided for expatriate workers to increase to 368,000 by the middle of the decade, he pointed out that their number already totalled 623,000 (of whom 106,000 were unskilled). This level of reliance on foreign workers was at variance with the declared objectives of the Jamahiriya to develop the skills of its citizens, thereby freeing the country from excessive dependence on foreign workers.

The GPC resolved:

- to limit the use of non-Libyan workers, particularly in the civil service.
- to step up efforts to reduce the size of the civil service, and to channel workers towards directly productive jobs.
- to increase administrative efficiency by making greater use of computerised data systems in the civil service.

1982 budget set at \$8.8 billion

THE GENERAL People's Congress, mindful of the need for economies, has set this year's development budget at LD 2.6 billion (\$8.8 billion) — five per cent lower than last year's figure. Almost all the sectoral allocations are lower than in 1981, but communications and marine transport was a notable exception, its allocation being increased by LD 49 million (\$165.5 million).

Sectoral allocations were:

Land Reclamation and Agrarian Reform: LD 347m
Heavy Industry: LD 493
Oil and Gas Exploration: LD 40
Electricity: LD 190m
Maintenance: LD 157m
Information and Culture: LD 20m
Health: LD 82m
Social Security: LD 15m
Housing: LD 230m
Installation: LD 215m

Communications and Marine Transport: LD 355m
Economy: LD 149m
Planning: LD 16m

The breakdown of the 1982 budget allocations by sector reflects the priorities of the Jamahiriya's 1981-85 development plan. The \$62.5 billion plan, unveiled at the January 1981 meeting of the GPC, gives pride of place to industry, with an outlay of LD 2.9 billion (\$13.3 billion) — 21 per cent of total investment. Agriculture takes second place with planned investment set at LD 3.1 billion (\$10.5 billion). The key aim of the 1981-85 plan is to diversify the Libyan economy. When presenting the 1982 development budget to the GPC for approval, Planning Secretary Musa Abu Freiwa stressed that the Jamahiriya was still far too dependent on oil revenues.

QADHDHAFI TAKES AIM AT FARMERS

London JAMAHIRIYA REVIEW in English No 21, Feb 82 p 10

[Text]

LIBYAN FARMERS are not pulling their weight in the Jamahiriya's programme of economic development. Muammer Qadhafi told the General People's Congress. Farmers, he said, had benefitted more than most from the Al Fatah Revolution, but continued private ownership of agricultural land had resulted in a selfish pre-occupation with personal profit. Farmers were selling their produce at far more than cost price, said the Libyan leader, and were thereby exploiting the rest of society. In effect, they had developed into a social class — in what was supposed to be a classless society — with a monopoly on food production.

No one had the right to exploit others, Muammer Qadhafi continued,

yet in addition to exploiting society as a whole, farmers were also exploiting individuals. They persisted in hiring foreign workers, despite the Revolution's abolition of wage labour. He recalled that a key dictum of his Green Book, which sets out the basic principles of the Revolution, was: 'Partners not wage workers.'

The Libyan leader criticised the resolutions of the General People's Congress on agriculture, saying that they indicated a poor grasp of the problems. The Green Book stipulates that agricultural land is the common property of all Libyans, but the abolition of private ownership has yet to be implemented. Muammer Qadhafi hinted strongly that the time had come to act on the Green Book's dicta.

CSO: 4500/128

FLEET EXPANDS TO 25 SHIPS

London JAMAHIRIYAH REVIEW in English No 22, Mar 82 p 18

[Text] On 12th January Libya's National Shipping Company took delivery of the 9,400 tonnes freighter Ibn Hawkal. The vessel, build in East Germany, brings the Jamahiriya's merchant fleet to 25 ships. The Ibn Hawkal is the second of three ships ordered from East Germany. The Sirte was delivered on 25th October, last, and the final vessel of 27,000 tonnes is due for delivery early this month. The completion of the contract for the three ships will mark an important step in the attainment of Libya's 1981-85 development plan's target of a merchant fleet totalling 35 ships.

The expansion of the fleet has been accompanied by a major programme of port development. Tenders will be invited soon for a \$405.3 million contract to build a new port for Sirte, about 400 kilometres east of Tripoli. A major petrochemicals complex is to be built in Sirte, two of the port's eight berths will serve a planned \$1,000 million fertiliser plant. The contract is for dredging and land reclamation, and the construction of breakwaters, jetties and quays. A fishing harbour and ship repair facilities will also be built. Consultant for the project is Britain's Posford Pavry & Partners.

By 1985 about 60 percent of the Jamahiriya's imports will be carried in Libyan-owned ships, but the country's rapidly growing trade means that many new seal links have been inaugurated. On 1st February Britain's Maritime Transport Overseas started the latest service between Libya and Europe--a new line from the east coast port of Immingham to Tripoli and Misrata. Agent for the service is Johnson Stevens Agencies.

CSO: 4500/128

LIBYA

TURKISH FIRMS ACTIVE IN CONSTRUCTION

London JAMAHIRIYAH REVIEW in English No 22, Mar 82 p 18

[Text] The Turkish company Otas has won two contracts totalling \$48 million for buildings at Tarhuna, about 80 kilometres southeast of Tripoli. The larger, valued at \$44 million, is for 500 houses, while the other contract, worth \$4 million, is for a military building. Both projects are for completion in two years. Otas, which started overseas work only at the beginning of 1980, already has a \$25 million contract for the construction of 118 farmhouses and 50 houses for medical staff at Tarhuna.

Turkish construction firms are very active in the Jamahiriya. There are more than 100 employing over 80,000 workers. At the end of last year the value of Libyan contracts on which Turkish firms had started or were about to start was estimated at \$6 billion.

CSO: 4500/128

LIBYA

BRIEFS

FUND FOR CHAD MARTYRS--The General People's Congress has resolved that every Libyan citizen will contribute LD 5 (about \$17) to support the families of members of the armed forces who had died during last year's operation to end the Chad civil war. At a parade in Sebha by the returned peacekeeping forces on 28th November, revolutionary leader Muammer Qadhdhafi disclosed that 300 Libyan soldiers had been killed in Chad. [Text]
[London JAMAHIRIYAH REVIEW in English No 21, Feb 82 p 11]

CSO: 4500/128

RIYADH, ROME PLAN NEW INVESTMENT BANK

London 8 DAYS in English No 10, 13 Mar 82 p 39

[Text]

SAUDI ARABIA and Italy plan to launch a joint investment bank by the end of 1982. They hope this will revolutionise trade and capital flows between the two countries.

In January, Italian Foreign Minister Emilio Colombo announced, at the end of a visit to Jeddah, plans for a 50-50 private venture financed by credit institutions from both sides; more recently, an Italian foreign affairs ministry mission spent three days in Riyadh discussing the venture in detail.

Italy's trade deficit with Saudi Arabia has grown since the Arab country resumed oil supplies to Italy, severed in the wake of the ENI-Petromin bribery scandal. Italian officials worried by the payments deficit hope that the projected bank could recycle petrodollars in Italy, and encourage Italian exporters to participate in the Saudi Five-Year Plan (1980-1985).

Sources at ENI, the Italian state energy consortium, said that the governments hope to get the bank established within the year. The foreign ministry mission included representatives from the state industries and energy consortia IMI, EFIM, IRI, ENI and ENEL.

Italian industrialists believe that the bank

could implement ideas mooted by Guido Carli, former head of the Italian employers' federation Confindustria. Carli had envisaged a powerful combination of Saudi capital and Italian management and technology that could penetrate markets all over the Middle East.

A project for a similar bank with Algeria was suspended pending an outcome to the negotiations on Algerian natural gas import prices to Italy.

Italy's Snamprogetti recently gave an example of the country's entrepreneurial potential when it won an Italian lire 184m (\$150,000) contract in Bahrain from British and French competitors. The Italian firm is to build and equip a huge methanol and ammonia complex in Bahrain for Gulf Petrochemical Industries (GPIC), a joint venture between Bahrain, Kuwait and Saudi Arabia. Snamprogetti beat tenders by Britain's Davy McKee Limited and Heurtey of France.

The deal includes supplier export credit finance for services and reimbursable equipment manufactured in Italy. Snamprogetti will be handling all procurement and purchasing activities for the construction of the complex.

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